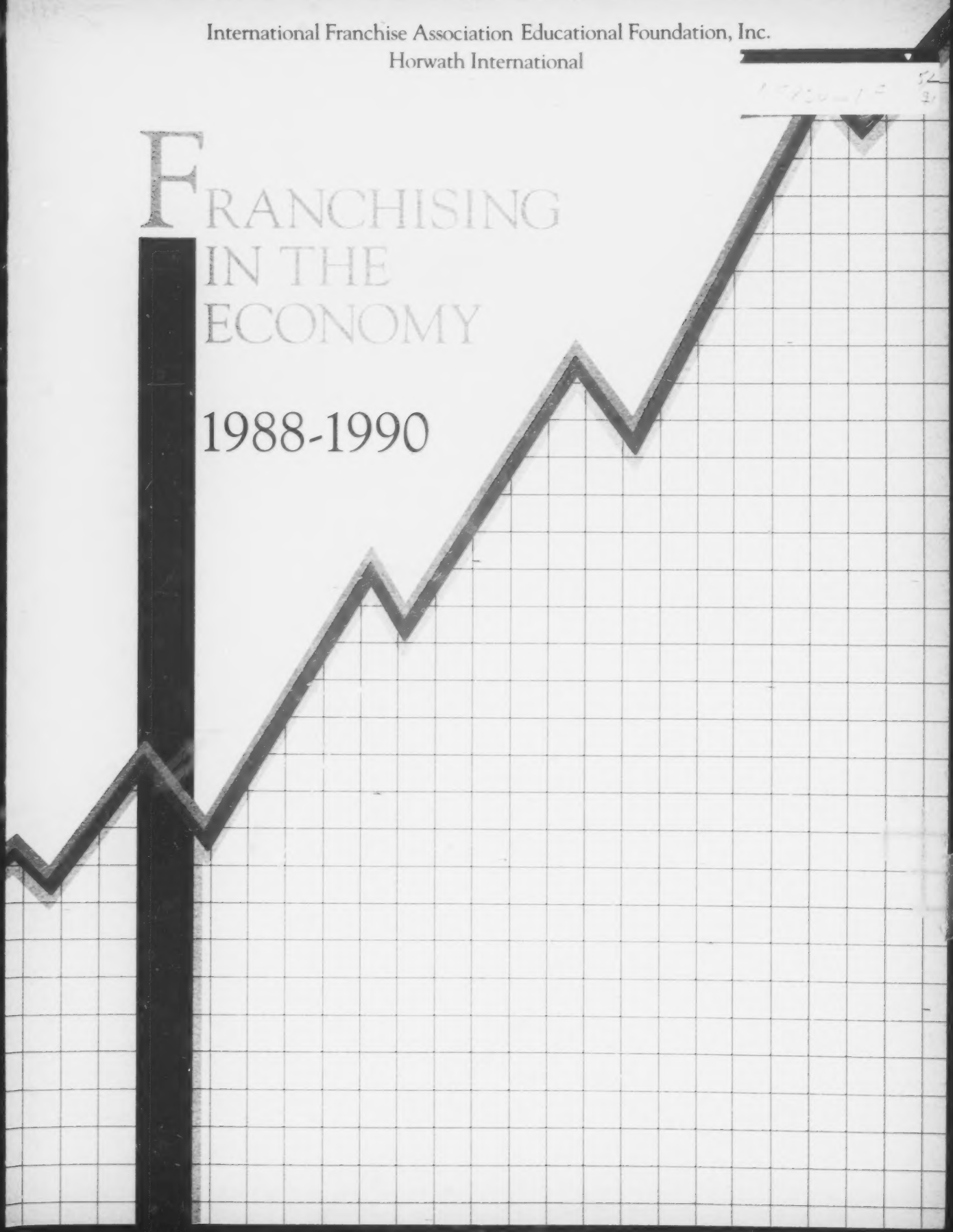
International Franchise Association Educational Foundation, Inc.
Horwath International

FRANCHISING IN THE ECONOMY

1988-1990



Commencing this year, *Franchising in the Economy*, the former U.S. Department of Commerce annual report on franchising, is published by the International Franchise Association Educational Foundation, Inc. in conjunction with Horwath International (HI), the worldwide network of independent accounting and management consulting firms [represented in the United States and Canada by Laventhol & Horwath (L&H)].

Franchising in the Economy is the only reliable continuing source of statistical information and trends in U.S. franchising. The Department of Commerce compiled this information for nearly 20 years before deciding to suspend the publication as part of its privatization program. Survey results were compiled by L&H, HI's U.S. and Canadian member firms, on a completely confidential basis.

Additional copies of this publication [$25 per copy] are available from the International Franchise Association. Telephone: 1-800-543-1038.

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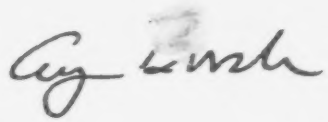
THE WHITE HOUSE

WASHINGTON

January 2, 1990

To the International Franchise Association:

Throughout the world, millions of entrepreneurs have turned their energy and creativity into thriving businesses. It is this kind of private enterprise and individual initiative that has helped bring greater prosperity to our nation and to most of the free world. Your efforts to serve franchisors, prospective business investors, members of the financial community, and other interested parties are not only helping to promote the concept of free enterprise but also enhancing opportunities for international trade and commerce. I commend you for providing timely and useful information to your members, and on behalf of all Americans, I thank you for your contributions to our nation's economy.



International Franchise Association
EDUCATIONAL FOUNDATION, INC.

January 28, 1990

FOREWORD

This is the first edition of *Franchising in the Economy* to be published by the IFA Educational Foundation, Inc., in association with Horwath International (HI).

Franchising in the Economy, as published by the U.S. Department of Commerce, has been for nearly two decades the only detailed, continuing and reliable statistical study of franchising in the United States. With *Franchising in the Economy 1988-1990*, the foundation begins a new and continuing series of annual reports on franchising, similar in format to the Commerce Department survey and covering essentially the same activities.

In the years since the Commerce Department inaugurated its annual survey, franchising has become a major force in the U.S. economy. It is expanding faster and more vigorously than any other method of conducting business; it is creating more new jobs than any other business mode. It now accounts for slightly more than one-third of all U.S. retail sales.

Franchising also has become a worldwide phenomenon. American franchisors, already strongly established in Canada, have firm footholds in the economies of other countries around the world. They will constitute a major presence in the European Common Market when it comes into full effect. Meanwhile, franchising is expanding rapidly in the Far East, Latin America and elsewhere in the world.

Franchising in the Economy is an indispensable statistical report for franchisors, prospective investors and franchise owners, the financial community and other business-oriented groups. Its continuation, and maintenance of the integrity of the statistical series begun by the Commerce Department, are vital to franchising and all those with an interest in this business field.

Thus, when the U.S. Government decided to discontinue and "privatize" this publication, the IFA Educational Foundation moved immediately to take over

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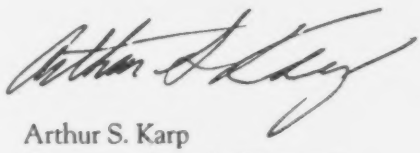
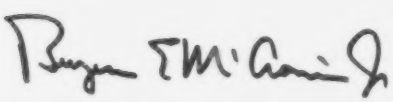
the survey and publish the results. It entered into an arrangement with HI to gain the unbiased statistical expertise considered necessary to survey all U.S.-based franchisors and analyze the information received. This publication incorporates the results of the foundation's and HI's joint efforts.

We believe *Franchising in the Economy 1988-1990* is a valuable public service. We dedicate this book to the franchisors of the United States and all nations, who contribute so much to the economies of their countries and the world.



Arthur S. Karp
Chairman, Board of Trustees
IFA Educational Foundation, Inc.



Burgess E. McCranie, Jr.
Chairman of the Board
International Franchise Association

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Franchising in the Economy is dedicated to you, the reader, who contributes so much to the global economy through franchising.

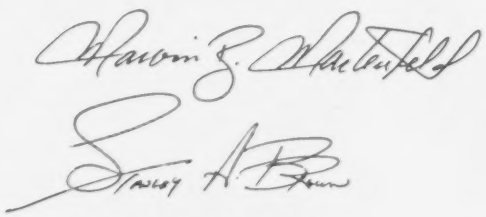
During the past 20 years, business format franchising has become the most successful method in the world for sales, marketing, distribution and service excellence to consumers.

The world now truly has a global economy, and it will continue to expand. While the Western world has embraced franchising as a desirable method for business expansion, Eastern and Communist bloc countries are just now extending a welcome to our industry.

To all of you who have contributed so much already, but who have much more to give – the franchisors, franchisees, financial institutions, lawyers, consultants, brokers, advertising and marketing companies – thank you for helping to expand franchising throughout the world.

Special thanks to those who have contributed during the past year to the transition of this publication from government sponsorship to a private sector endeavor. From the International Franchise Association, we would like to thank Burgess E. McCranie Jr., Arthur S. Karp, William B. Cherkasky, Stanley L. Williams and Andrew Kostecka. From Horwath International, we would like to thank Werner E. Rotach, Edward A. Suarez, Mark V. Lomanno and William R. Evans. Without these people and many others who worked hard and diligently, this publication would not have been produced or have the quality information it contains.

One further note. It is our joint intention (IFA and HI) to make this publication truly international. In the future, we will add all of the major countries where franchising is a significant factor in the marketplace.



Marvin B. Martenfeld
Stanley A. Brown
Horwath International

OVERALL INDUSTRY RESULTS 1988 – 1990

Franchising sales of goods and services in nearly 533,000 outlets are expected to reach almost $716.7 billion in 1990, 114 percent higher than at the start of the 1980s. This rapid growth has been led by Business Format Franchising, which is expected to have grown by 155 percent by 1990. Employment in franchising, including part-time workers and working proprietors, was 7.7 million in 1988. This represents 6.9 percent of the total non-agricultural employment in the U.S.

The expansion to foreign markets by U.S. business format franchisors continues to increase rapidly. In 1988, almost 17 percent of all U.S. business format franchisors had more than 35,000 outlets in countries outside the U.S. In addition, domestic product and trade name franchisors are now operating in over 160 countries.

During the 1990s, the growth in franchising is expected to be in franchisee-owned outlets as opposed to company-owned facilities. In 1989, the number of franchisee-owned outlets is expected to rise 7.0 percent compared with only a 1.1 percent increase in company-owned units. Estimates for 1990 are for franchisee units to increase nearly twice as fast as company-owned units. While this growth occurs in franchisee-owned units, note that company-owned units in general, tend to have higher average sales, reflecting a higher concentration of outlets in major urban centers, and with it a higher investment cost per outlet.

The franchise method of distribution, still young compared with other marketing methods, continues to contribute significantly to the American economy. It provides rapid growth for the franchisor and, more importantly, it vastly increases the likelihood of success for the small businessperson, namely the franchisee. This unique working relationship offers flexibility and security unavailable under other business expansion systems.

Franchising is perhaps the only business structure which tends to create new business units. Since the franchisee uses the franchisor's expertise and trademark or servicemark, it permits small businesses to compete with major players. It also provides this unique opportunity to people with limited capital and business experience.

The study presented in this publication is the first conducted by Horwath International and the International Franchise Association. Although the content of this study is similar to previous studies produced by the U.S. Department of Commerce, the data is presented differently. The most notable change is the placement of text and tables for each business format classification or product trade name industry together in one section rather than under individual attributes (i.e., employment). Also, it is important to remember that all figures presented for 1989 and 1990 are estimates provided by survey participants.

EXHIBIT 1

FRANCHISING IN THE ECONOMY – 1988

	NUMBER OF ESTABLISHMENTS			SALES ($ 000)		
	TOTAL	COMPANY OWNED	FRANCHISEE OWNED	TOTAL	COMPANY OWNED	FRANCHISEE OWNED
Total – All Franchising	**480,789**	**93,945**	**386,844**	**$648,112,755**	**$98,280,060**	**$549,832,695**
Total Business Format Franchising	**338,979**	**73,102**	**265,877**	**$178,315,755**	**$60,943,060**	**$117,372,695**
Restaurants (All types)	90,345	27,305	63,040	$ 64,280,435	$22,276,989	$ 42,003,446
Hotels, Motels & Campgrounds	9,311	1,208	8,103	19,749,179	5,981,751	13,767,428
Recreation, Entertainment & Travel	8,776	395	8381	3,543,021	671,536	2,871,485
Automotive Products & Services	34,638	4,621	30,017	11,362,695	3,842,145	7,520,550
Business Aids & Services	55,585	7,475	48,110	15,722,564	3,253,276	12,469,288
Accounting, Credit, Collection Agencies & General Business Systems	1,656	25	1,631	166,461	7,198	159,263
Employment Services	6,495	2,842	3,653	4,661,230	2,450,045	2,211,185
Printing & Copying Services	5,875	148	5,727	1,412,810	43,671	1,369,139
Tax Preparation	8,303	3,536	4767	608,172	332,032	276,140
Real Estate*	15,294	142	15152	5,923,277	66,664	5,856,613
Miscellaneous Business Systems	17,962	782	17,180	2,950,614	353,666	2,596,948
Construction, Home Improvement, Maintenance & Cleaning Service	22,007	643	21,364	5,296,095	1,424,744	3,871,351
Educational Products & Services	11,570	656	10,914	1,700,368	471,438	1,228,930
Laundry & Drycleaning Services	2,281	126	2,155	271,542	33,152	238,390
Rental Services (Auto-Truck)	9,545	2392	7,153	6,616,716	3,745,391	2,871,325
Rental Services (Equipment)	3,018	736	2,282	677,647	203,333	474,314
Miscellaneous	6,864	507	6,357	1,672,056	376,063	1,295,993
Retailing (Non-Food)	46,172	11,880	34,292	23,343,831	7,111,480	16,232,351
Retailing (Food/Non-Convenience)	21,656	4,364	17,292	10,183,666	2,303,802	7,879,864
Convenience Stores	17,211	10,794	6,417	13,895,940	9,247,960	4,647,980
Total Product & Trade Name Franchising	**141,810**	**20,843**	**120,967**	**$469,797,000**	**$37,337,000**	**$432,460,000**
Auto & Truck Dealers	27,800	0	27,800	$345,136,000	$ 0	$345,136,000
Gasoline Service Stations	113,150	20,367	92,783	101,916,000	18,345,000	83,571,000
Soft Drink Bottlers	860	476	384	22,745,000	18,992,000	3,753,000

* Gross Commission

EXHIBIT 2

FRANCHISING IN THE ECONOMY – 1989

	NUMBER OF ESTABLISHMENTS			SALES ($ 000)		
	TOTAL	COMPANY OWNED	FRANCHISEE OWNED	TOTAL	COMPANY OWNED	FRANCHISEE OWNED
Total – All Franchising	**498,780**	**94,511**	**404,269**	**$678,779,096**	**$104,064,836**	**$574,714,260**
Total Business Format Franchising	**358,350**	**73,892**	**284,458**	**$192,436,096**	**$ 64,299,836**	**$128,136,260**
Restaurants (All types)	94,285	27,761	66,524	$ 69,094,108	$ 23,438,938	$ 45,655,170
Hotels, Motels & Campgrounds	10,138	1,235	8,903	21,304,253	6,228,920	15,075,333
Recreation, Entertainment & Travel	9,546	407	9,139	4,070,381	714,258	3,356,123
Automotive Products & Services	35,835	4,776	31,059	12,240,898	4,151,206	8,089,692
Business Aids & Services	59,780	7,033	52,747	17,094,015	3,424,911	13,669,104
Accounting, Credit, Collection Agencies & General Business Systems	1,698	27	1,671	186,276	8,025	178,251
Employment Services	6,649	2,650	3,999	5,023,230	2,536,351	2,486,879
Printing & Copying Services	6,449	158	6,291	1,609,589	48,765	1,560,824
Tax Preparation	8,221	3,364	4,857	653,405	354,690	298,715
Real Estate*	15,948	118	15,830	6,244,644	68,515	6,176,129
Miscellaneous Business Systems	20,815	716	20,099	3,376,871	408,565	2,968,306
Construction, Home Improvement, Maintenance & Cleaning Service	24,746	614	24,132	5,975,858	1,484,588	4,491,270
Educational Products & Services	11,892	601	11,291	1,925,311	539,760	1,385,551
Laundry & Drycleaning Services	2,472	136	2,336	302,872	36,627	266,245
Rental Services (Auto-Truck)	9,859	2389	7,470	6,950,900	3,861,730	3,089,170
Rental Services (Equipment)	2,983	816	2,167	694,965	230,740	464,255
Miscellaneous	7,328	474	6,854	1,857,849	400,550	1,457,299
Retailing (Non-Food)	49,173	12,504	36,669	26,000,931	8,029,041	17,971,890
Retailing (Food/Non-Convenience)	23,024	4,198	18,826	10,873,265	2,342,917	8,530,348
Convenience Stores	17,289	10,948	6,341	14,050,490	9,415,650	4,634,840
Total Product & Trade Name Franchising	**140,430**	**20,619**	**119,811**	**$486,343,000**	**$39,765,000**	**$446,578,000**
Auto & Truck Dealers	27,600	0	27,600	$353,577,000	$ 0	$353,577,000
Gasoline Service Stations	112,000	20,160	91,840	108,541,000	19,537,000	89,004,000
Soft Drink Bottlers	830	459	371	24,225,000	20,228,000	3,997,000

* Gross Commission

EXHIBIT 3

FRANCHISING IN THE ECONOMY – 1990

	NUMBER OF ESTABLISHMENTS			SALES ($ 000)		
	TOTAL	COMPANY OWNED	FRANCHISEE OWNED	TOTAL	COMPANY OWNED	FRANCHISEE OWNED
Total – All Franchising	**532,959**	**97,768**	**435,191**	**$716,383,469**	**$111,843,826**	**$604,539,643**
Total Business Format Franchising	**392,854**	**77,217**	**315,637**	**$213,154,469**	**$ 69,550,826**	**$143,603,643**
Restaurants (All types)	102,135	29,313	72,822	$ 76,516,121	$ 25,688,238	$ 50,827,883
Hotels, Motels & Campgrounds	11,103	1,284	9,819	23,864,231	6,817,882	17,046,349
Recreation, Entertainment & Travel	10,344	438	9,906	4,721,110	761,276	3,959,834
Automotive Products & Services	38,561	5,119	33,442	13,632,245	4,585,980	9,046,265
Business Aids & Services	67,271	7,493	59,778	19,493,767	3,855,690	15,638,077
Accounting, Credit, Collection Agencies & General Business Systems	1,859	28	1,831	214,440	9,410	205,030
Employment Services	7,552	2,941	4,611	5,785,325	2,843,552	2,941,773
Printing & Copying Services	7,366	167	7,199	1,890,294	54,300	1,835,994
Tax Preparation	8,460	3,421	5,039	708,330	382,615	325,715
Real Estate*	16,955	118	16,837	6,750,425	73,640	6,676,785
Miscellaneous Business Systems	25,079	818	24,261	4,144,953	492,173	3,652,780
Construction, Home Improvement, Maintenance & Cleaning Service	28,270	611	27,659	6,751,382	1,610,436	5,140,946
Educational Products & Services	13,265	664	12,601	2,322,445	617,793	1,704,652
Laundry & Drycleaning Services	2,629	141	2,488	334,855	40,200	294,655
Rental Services (Auto-Truck)	10,613	2,415	8,198	7,577,830	4,090,930	3,486,900
Rental Services (Equipment)	3,358	896	2,462	811,045	264,950	546,095
Miscellaneous	8,402	508	7,894	2,178,673	459,246	1,719,427
Retailing (Non-Food)	54,062	13,139	40,923	28,642,588	8,662,994	19,979,594
Retailing (Food/Non-Convenience)	25,374	4,316	21,058	11,889,718	2,523,039	9,366,679
Convenience Stores	17,467	10,880	6,587	14,418,459	9,572,172	4,846,287
Total Product & Trade Name Franchising	**140,105**	**20,551**	**119,554**	**$503,229,000**	**$42,293,000**	**$460,936,000**
Auto & Truck Dealers	27,600	0	27,600	$362,323,000	$ 0	$362,323,000
Gasoline Service Stations	111,700	20,106	91,594	115,059,000	20,711,000	94,348,000
Soft Drink Bottlers	805	445	360	25,847,000	21,582,000	4,265,000

* Gross Commission

EXHIBIT 4

FRANCHISING IN THE ECONOMY

NUMBER OF ESTABLISHMENTS – 1988 TO 1990

	1988	1989	1990
Total – All Franchising	**480,789**	**498,780**	**532,959**
Total Business Format Franchising	**338,979**	**358,350**	**392,854**
Restaurants (All types)	90,345	94,285	102,135
Hotels, Motels & Campgrounds	9,311	10,138	11,103
Recreation, Entertainment & Travel	8,776	9,546	10,344
Automotive Products & Services	34,638	35,835	38,561
Business Aids & Services	55,585	59,780	67,271
Accounting, Credit, Collection Agencies & General Business Systems	1,656	1,698	1,859
Employment Services	6,495	6,649	7,552
Printing & Copying Services	5,875	6,449	7,366
Tax Preparation	8,303	8,221	8,460
Real Estate	15,294	15,948	16,955
Miscellaneous Business Systems	17,962	20,815	25,079
Construction, Home Improvement, Maintenance & Cleaning Service	22,007	24,746	28,270
Educational Products & Services	11,570	11,892	13,265
Laundry & Drycleaning Services	2,281	2,472	2,629
Rental Services (Auto-Truck)	9,545	9,859	10,613
Rental Services (Equipment)	3,018	2,983	3,358
Miscellaneous	6,864	7,328	8,402
Retailing (Non-Food)	46,172	49,173	54,062
Retailing (Food Non-Convenience)	21,656	23,024	25,374
Convenience Stores	17,211	17,289	17,467
Total Product & Trade Name	**141,810**	**140,430**	**140,105**
Auto & Truck Dealers	27,800	27,600	27,600
Gasoline Service Stations	113,150	112,000	111,700
Soft Drink Bottlers	860	830	805

EXHIBIT 5

FRANCHISING IN THE ECONOMY

TOTAL SALES* – 1988 TO 1990

	1988	1989	1990
Total – All Franchising	**$648,112,755**	**$678,779,096**	**$716,383,469**
Total Business Format Franchising	**$178,315,755**	**$192,436,096**	**$213,154,469**
Restaurants (All types)	$64,280,435	$69,094,108	$76,516,121
Hotels, Motels & Campgrounds	19,749,179	21,304,253	23,864,231
Recreation, Entertainment & Travel	3,543,021	4,070,381	4,721,110
Automotive Products & Services	11,362,695	12,240,898	13,632,245
Business Aids & Services	15,722,564	17,094,015	19,493,767
Accounting, Credit, Collection Agencies & General Business Systems	166,461	186,276	214,440
Employment Services	4,661,230	5,023,230	5,785,325
Printing & Copying Services	1,412,810	1,609,589	1,890,294
Tax Preparation	608,172	653,405	708,330
Real Estate**	5,923,277	6,244,644	6,750,425
Miscellaneous Business Systems	2,950,614	3,376,871	4,144,953
Construction, Home Improvement, Maintenance & Cleaning Service	5,296,095	5,975,858	6,751,382
Educational Products & Services	1,700,368	1,925,311	2,322,445
Laundry & Drycleaning Services	271,542	302,872	334,855
Rental Services (Auto-Truck)	6,616,716	6,950,900	7,577,830
Rental Services (Equipment)	677,647	694,965	811,045
Miscellaneous	1,672,056	1,857,849	2,178,673
Retailing (Non-Food)	23,343,831	26,000,931	28,642,588
Retailing (Food Non-Convenience)	10,183,666	10,873,265	11,889,718
Convenience Stores	13,895,940	14,050,490	14,418,459
Total Product & Trade Name	**$469,797,000**	**$486,343,000**	**$503,229,000**
Auto & Truck Dealers	$345,136,000	$353,577,000	$362,323,000
Gasoline Service Stations	101,916,000	108,541,000	115,059,000
Soft Drink Bottlers	22,745,000	24,225,000	25,847,000

* $ 000's

** Gross Commission

EXHIBIT 6

FRANCHISING IN THE ECONOMY

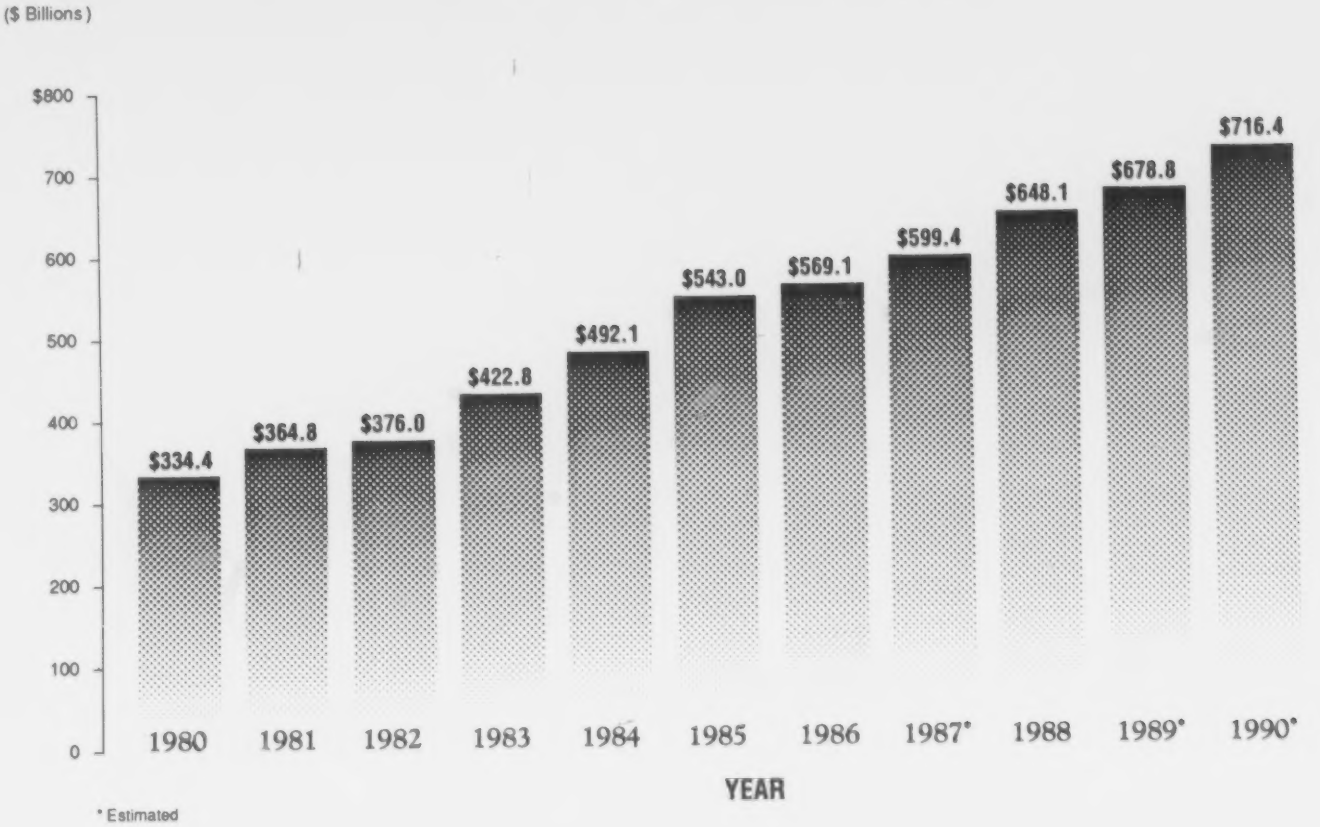
FORECASTED GROWTH (PERCENT) 1989 – 1990

	NUMBER OF ESTABLISHMENTS			SALES		
	TOTAL	COMPANY OWNED	FRANCHISEE OWNED	TOTAL	COMPANY OWNED	FRANCHISEE OWNED
Total – All Franchising	**6.9%**	**3.4%**	**7.6%**	**5.5%**	**7.5%**	**5.2%**
Total Business Format Franchising	**9.6%**	**4.5%**	**11.0%**	**10.8%**	**8.2%**	**12.1%**
Restaurants (All types)	8.3%	5.6%	9.5%	10.7%	9.6%	11.3%
Hotels, Motels & Campgrounds	9.5	4.0	10.3	12.0	9.5	13.1
Recreation, Entertainment & Travel	8.4	7.6	8.4	16.0	6.6	18.0
Automotive Products & Services	7.6	7.2	7.7	11.4	10.4	11.8
Business Aids & Services	12.5	6.5	13.3	14.0	12.6	14.4
Accounting, Credit, Collection Agencies & General Business Systems	9.5	3.7	9.6	15.1	17.3	15.0
Employment Services	13.6	11.0	15.3	15.2	12.1	18.3
Printing & Copying Services	14.2	5.7	14.4	17.4	11.4	17.6
Tax Preparation	2.9	1.7	3.7	8.4	7.9	9.0
Real Estate*	6.3	0.0	6.4	8.1	7.5	8.1
Miscellaneous Business Systems	20.5	14.2	20.7	22.7	20.5	23.1
Construction, Home Improvement, Maintenance & Cleaning Service	14.2	-0.5	14.6	13.0	8.5	14.5
Educational Products & Services	11.5	10.5	11.6	20.6	14.5	23.0
Laundry & Drycleaning Services	6.4	3.7	6.5	10.6	9.8	10.7
Rental Services (Auto-Truck)	7.6	1.1	9.7	9.0	5.9	12.9
Rental Services (Equipment)	12.6	9.8	13.6	16.7	14.8	17.6
Miscellaneous	14.7	7.2	15.2	17.3	14.7	18.0
Retailing (Non-Food)	9.9	5.1	11.6	10.2	7.9	11.2
Retailing (Food/Non-Convenience)	10.2	2.8	11.9	9.3	7.7	9.8
Convenience Stores	1.0	-0.6	3.9	2.6	1.7	4.6
Total Product & Trade Name Franchising						
Auto & Truck Dealers	0.0	0.0	0.0	2.5	0.0	2.5
Gasoline Service Stations	-0.3	-0.3	-0.3	6.0	6.0	6.0
Soft Drink Bottlers	-3.0	-3.1	-3.0	6.7	6.7	6.7

* Gross Commission

CHART 1

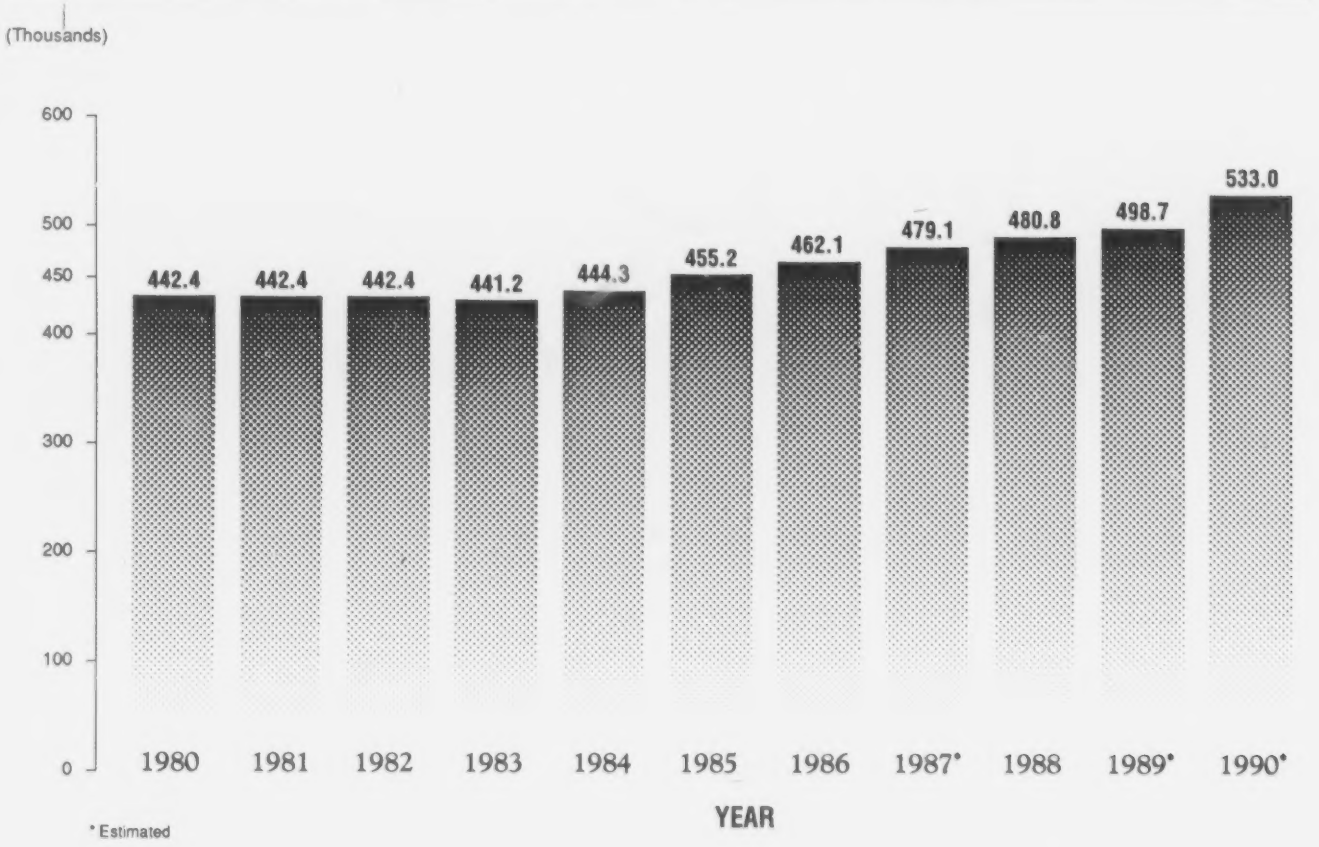
TOTAL SALES / ALL FRANCHISING – 1980 TO 1990



* Estimated

CHART 2

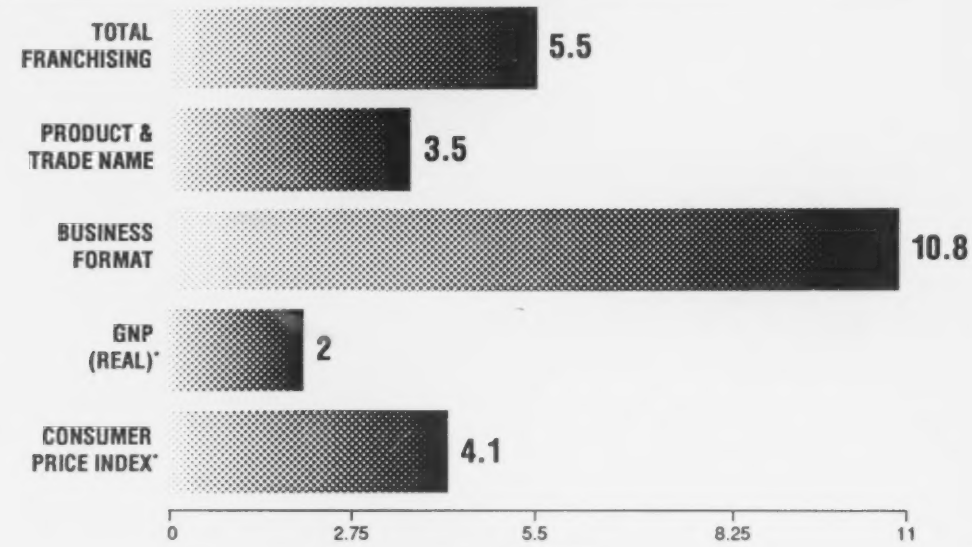
TOTAL ESTABLISHMENTS / ALL FRANCHISING – 1980 TO 1990



* Estimated

CHART 3

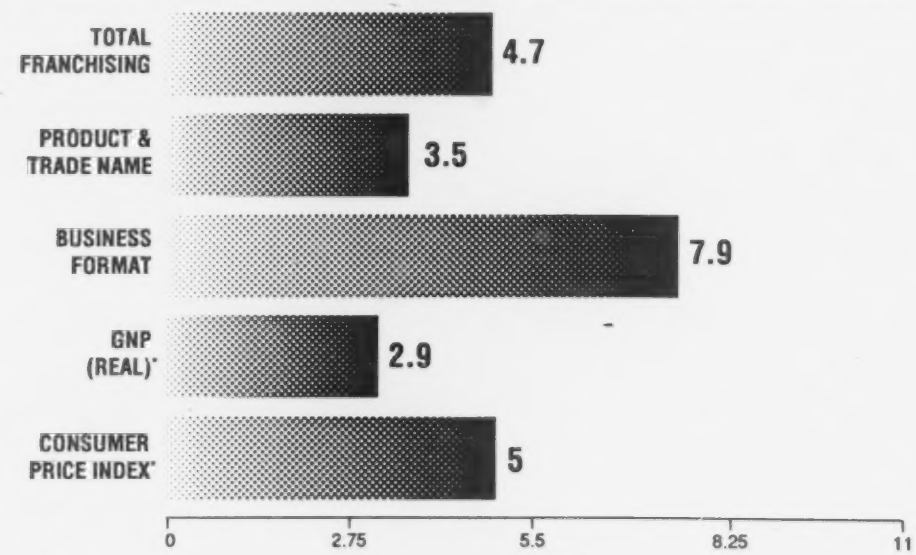
PERCENT CHANGE (SALES) – 1989 TO 1990



* Wharton Economic Forecasting Associates Projections

CHART 4

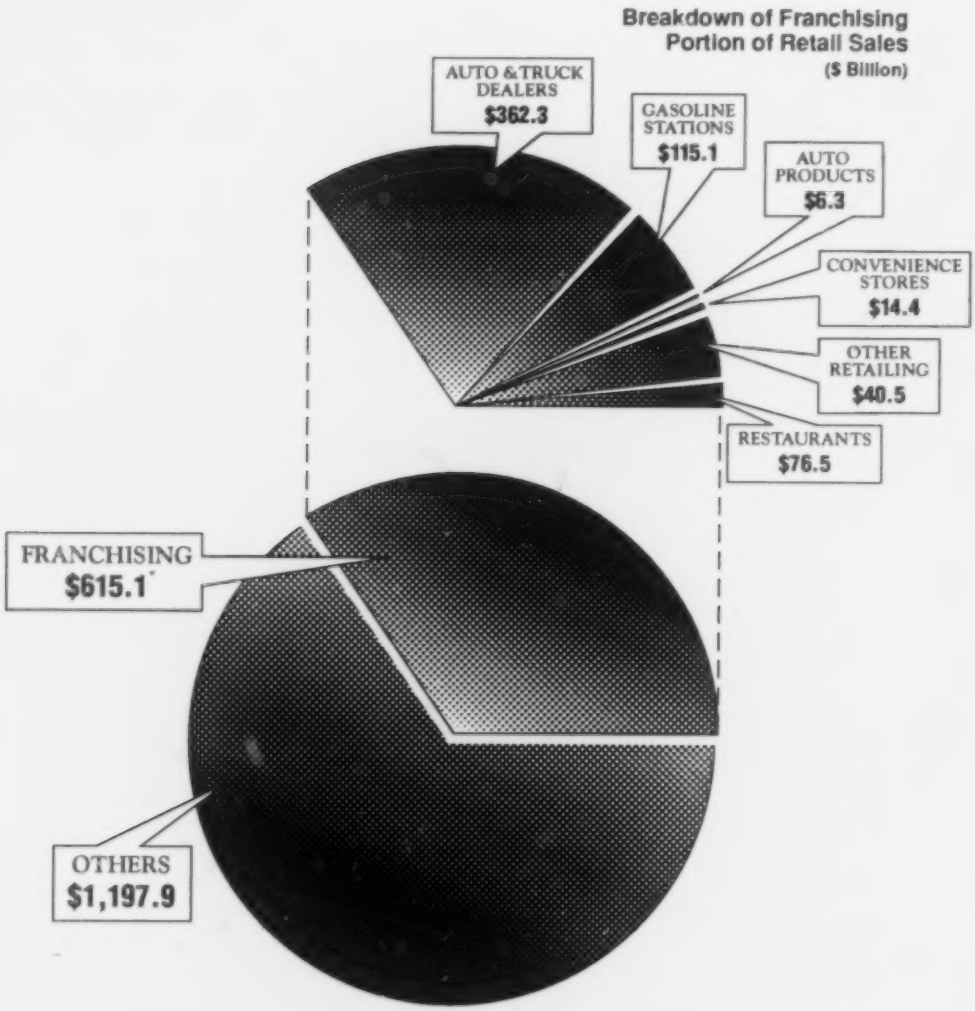
PERCENT CHANGE (SALES) – 1988 TO 1989



* Wharton Economic Forecasting Associates Projections

CHART 5

FRANCHISING TO EMCOMPASS 34% OF RETAIL SALES IN 1990



$1,813.0 BILLION TOTAL RETAIL SALES

* Signifies retail sales franchising; all franchising sales are forecasted to be $716 billion in 1990.

SECTION II

BUSINESS FORMAT FRANCHISING

Business format franchising is characterized by an ongoing business relationship between franchisor and franchisee. This includes the product, service and trademark, as well as the entire business concept itself – a marketing strategy and plan, operating manuals and standards, quality control, and a continuing process of assistance and guidance. Restaurants, food and non-food retailing, personal and business services fall in the category of business format franchising, which has been responsible for much of the franchising growth in the U.S. and internationally since 1950. It will continue to offer numerous opportunities for individuals seeking to own a business.

This section is devoted to the different segments of business format franchising. Since this is the first edition of the publication produced by Horwath International and the International Franchise Association, we have grouped similar industries rather than listing them alphabetically as in previous editions.

The volume of sales and the number of units owned or franchised by business format franchisors have risen steadily since 1972. Sales of business format franchisors are expected to be almost $213.2 billion in 1990 compared with $192.4 billion in 1989 and $178.3 billion in 1988. In contrast to product and trade name franchises, the number of business format franchise establishments is expected to increase to nearly 392,900 in 1990, compared with 358,400 in 1989 and 339,000 in 1988. The number of establishments and gross sales of business format franchisors (combined company and franchisee owned) for1972-90 are listed below:

Year	Sales ($ Billion)	Estbmnts.	Year	Sales ($Billion)	Estbmnts.	Year	Sales ($ Billion)	Estbmnts.
1972	$28.7	189,640	1979	$72.4	252,702	1985	$141.3	301,689
1973	32.7	202,237	1980	83.5	252,548	1986	155.5	312,810
1974	37.3	209,727	1981	89.1	260,555	1987 *	169.6	334,516
1975	40.9	210,814	1982	99.0	268,306	1988	178.3	338,979
1976	46.6	222,317	1983	110.5	276,195	1989 **	192.4	358,350
1977	65.8	240,524	1984	122.3	283,576	1990 **	213.2	392,854
1978	64.3	245,694						

* Estimated by Respondents in 1986; no actual data collected.
** Estimated by Respondents to the 1988 Survey.

The number of business format franchisors offering products and/or services to current and prospective franchisees has risen steadily since 1972. This trend is expected to continue during the 1990s, since more and more companies are expected to expand their distribution of goods and/or services through franchising. The following statistics show the number of business format franchisors that responded to our survey for 1972-88:

Year	Number of Franchisors	Year	Number of Franchisors	Year	Number of Franchisors	Year	Number of Franchisors
1972	909	1977	1,281	1981	1,673	1985	2,090
1973	1,005	1978	1,394	1982	1,770	1986	2,177
1974	1,051	1979	1,459	1983	1,877	1987 *	–
1975	1,115	1980	1,584	1984	1,942	1988	2,239
1976	1,161						

* No survey conducted.

Large franchisors, those with 1,000 or more units each, continue to dominate business format franchising, with 69 companies accounting for 51.7 percent of all sales and 53.2 percent of all establishments in 1988. The total number of outlets reported by these large franchisors was 180,200, with sales of nearly $92.2 billion. Of these large franchisors, 16 were engaged in restaurant franchising and eight were in automotive products and services.

A. RESTAURANTS (ALL TYPES)

Franchise restaurants continue to face increasing competition both internally and externally. Restaurants, therefore, have reacted in several ways to these competitive forces. For example, to satisfy consumer demand, they are expanding menus, using fresh ingredients to meet the desires of more sophisticated patrons, instituting more food bars, and offering takeout and delivery services. These concepts continue to grow in fast food restaurants and are now being implemented in upscale restaurants.

Restaurant franchisors have been trying to strengthen their presence in current market segments rather than expanding into new markets. As a result, some companies have been searching for profitable mergers and acquisitions or even selling off unprofitable units and restructuring corporate operations.

International operations of franchised restaurants continue to expand as the domestic market becomes more competitive. In 1988, the number of units located outside the U.S. was 6,996 (Exhibit 127). Japan and Canada continue to account for the largest number of these operations. Currently, 13 percent of all franchisors have locations

outside the U.S. and another 1.5 percent plan to locate outside the U.S. in the near future (Exhibit 128). Globalization is also a factor, since more foreign companies have increased their investments in the U.S.

Sales of franchised restaurants of all types are expected to reach almost $69.1 billion in 1989, an 8.7 percent increase compared with 1988 sales of $64.3 billion. Sales are expected to increase 11.3 percent to $76.5 billion in 1990 (Exhibit 7).

The number of franchised restaurants totaled 90,345 in 1988, increased to 94,285 in 1989 and are expected to reach 102,135 in 1990. The highest concentrations of franchised restaurants continues to be in California, Texas, Ohio and Florida (Exhibit 12). The majority has a hamburger menu theme and accounts for almost half of all sales.

Employment in the franchise restaurant sector was 2,726,605 in 1988, up from 2,453,621 in 1986. The average number of employees per establishment for 1988 was 30.2 (Exhibit 8).

EXHIBIT 7

RESTAURANTS (ALL TYPES)

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	27,305	27,761	29,313	1.7%	5.6%
Franchisee Owned	63,040	66,524	72,822	5.5	9.5
Total	**90,345**	**94,285**	**102,135**	**4.4%**	**8.3%**
Ratio To Total Establishments:					
Company Owned	30.2%	29.4%	28.7%		
Franchisee Owned	69.8	70.6	71.3		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$22,276,989	$23,438,938	$25,688,238	5.2%	9.6%
Franchisee Owned	42,003,446	45,655,170	50,827,883	8.7	11.3
Total	**$64,280,435**	**$69,094,108**	**$76,516,121**	**7.5%**	**10.7%**
Ratio To Total Sales:					
Company Owned	34.7%	33.9%	33.6%		
Franchisee Owned	65.3	66.1	66.4		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$816	$844	$876	3.4%	3.8%
Franchisee Owned	666	686	698	3.0	1.7
Total	**$711**	**$732**	**$749**	**3.0%**	**2.3%**

EXHIBIT 8

RESTAURANTS (ALL TYPES)

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**2,726,605**	**30.2**
Company Owned	855,180	31.3
Franchisee Owned	1,871,425	29.7

EXHIBIT 9

RESTAURANTS (ALL TYPES)

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	97.6%	94.6%
Percentage of Purchases	0.0	0.3
Fixed Rate	2.2	3.9
Other	0.2	1.2
Total	**100 %**	**100 %**

EXHIBIT 10

RESTAURANTS (ALL TYPES)

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	28.9%	27.7%
Biweekly	3.7	0.9
Monthly	65.9	63.4
Quarterly	1.5	4.5
Annually	0.0	3.5
Total	**100 %**	**100 %**

EXHIBIT 11

RESTAURANTS (ALL TYPES)

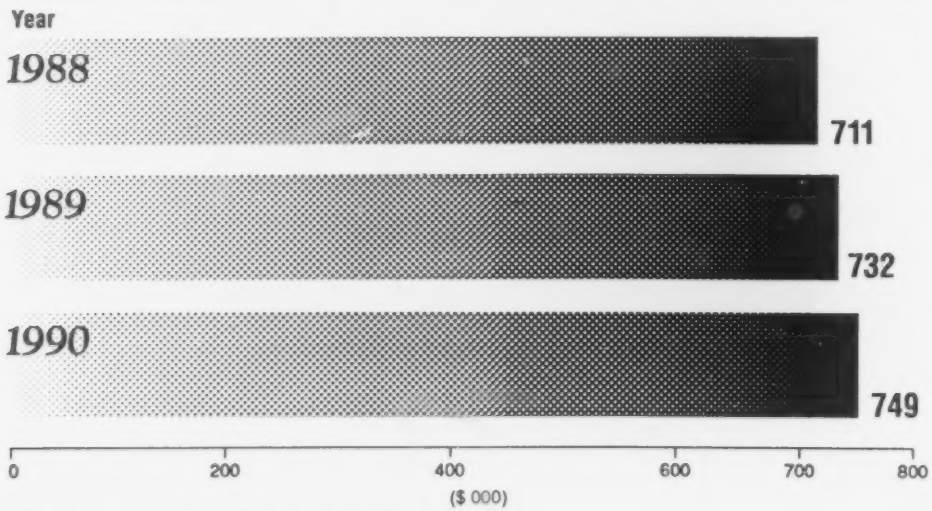
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 15,000	$ 20,000	$ 25,000
Multiple Unit Franchise Fee	10,000	15,000	27,625
Start-up Cost Franchisee Owned	50,000	80,000	125,000
Average Total Investment			
Company Owned	150,000	337,500	642,500
Franchisee Owned	130,000	250,000	500,000

CHART 6

RESTAURANTS (ALL TYPES)

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 12

RESTAURANTS (ALL TYPES)

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	1,442	375	1,067	Nebraska	380	186	194
Alaska	137	16	121	Nevada	543	109	434
Arizona	1,176	368	808	New Hampshire	297	25	272
Arkansas	809	146	663	New Jersey	494	354	140
California	8,422	2,265	6,157	New Mexico	1,213	96	1,117
Colorado	1,350	376	974	New York	1,064	527	537
Connecticut	592	88	504	North Carolina	2,489	516	1,973
Delaware	191	88	103	North Dakota	229	17	212
Dist. of Columbia	169	83	86	Ohio	4,449	1,486	2,963
Florida	4,480	1,577	2,903	Oklahoma	1,859	701	1,158
Georgia	2,740	1,193	1,547	Oregon	948	160	788
Hawaii	245	99	146	Pennsylvania	2,554	866	1,688
Idaho	226	23	203	Rhode Island	173	51	122
Illinois	3,646	1,291	2,355	South Carolina	1,376	326	1,050
Indiana	2,375	756	1,619	South Dakota	245	48	197
Iowa	1,223	257	966	Tennessee	1,771	522	1,249
Kansas	1,114	321	793	Texas	7,435	2,772	4,663
Kentucky	1,632	494	1,138	Utah	393	96	297
Louisiana	1,660	522	1,138	Vermont	61	1	60
Maine	824	3	821	Virginia	2,150	679	1,471
Maryland	685	506	179	Washington	1,203	369	834
Massachusetts	942	207	735	West Virginia	616	190	426
Michigan	1,521	896	625	Wisconsin	1,619	377	1,242
Minnesota	2,559	386	2,173	Wyoming	450	24	426
Mississippi	1,198	146	1,052	Puerto Rico	199	22	177
Missouri	1,432	801	631	Other U.S. Poss.	15	1	14
Montana	1,368	4	1,364	**TOTAL**	**78,625**	**23,808**	**54,817**

[1] Represents 87 percent of total establishments. The remaining 13 percent were unable to provide a geographic breakdown for this report.

EXHIBIT 13

RESTAURANTS – DISTRIBUTION BY MENU THEME

SALES & ESTABLISHMENTS

	Establishments			Sales ($ 000'S)		
	Total	Company Owned	Franchisee Owned	Total	Company Owned	Franchisee Owned
1988						
Chicken	9,116	3,110	6,006	$ 4,945,775	$ 1,858,324	$ 3,087,451
Hamburgers	37,081	8,324	28,757	31,986,347	8,120,081	23,866,266
Pizza	19,243	6,556	12,687	9,606,941	3,789,808	5,817,133
Mexican	4,407	1,935	2,472	2,975,795	1,634,064	1,341,731
Seafood	1,199	685	514	723,115	419,998	303,117
Pancakes / Waffles	1,650	469	1,181	1,262,754	463,970	798,784
Steak (Full Menu)	12,120	5,835	6,285	11,337,777	5,833,546	5,504,231
Sandwich & Other	5,529	391	5,138	1,441,931	157,198	1,284,733
Total	**90,345**	**27,305**	**63,040**	**$64,280,435**	**$22,276,989**	**$ 42,003,446**
1989						
Chicken	8,702	2,805	5,897	$ 5,146,744	$ 1,824,878	$ 3,321,866
Hamburgers	38,804	8,580	30,224	34,442,872	8,606,482	25,836,390
Pizza	20,275	6,871	13,404	10,278,107	4,049,072	6,229,035
Mexican	4,567	1,973	2,594	3,101,192	1,661,700	1,439,492
Seafood	1,186	664	522	754,358	438,308	316,050
Pancakes / Waffles	1,752	481	1,271	1,404,720	504,188	900,532
Steak (Full Menu)	12,525	5,971	6,554	12,183,216	6,177,372	6,005,844
Sandwich & Other	6,474	416	6,058	1,782,899	176,938	1,605,961
Total	**94,285**	**27,761**	**66,524**	**$69,094,108**	**$23,438,938**	**$45,655,170**
1990						
Chicken	9,112	2,868	6,244	$ 5,666,430	$ 1,977,410	$ 3,689,020
Hamburgers	41,249	9,018	32,231	37,570,305	9,245,350	28,324,955
Pizza	21,954	7,337	14,617	11,487,519	4,578,639	6,908,880
Mexican	4,926	2,074	2,852	3,389,800	1,773,825	1,615,975
Seafood	1,285	695	590	836,727	470,632	366,095
Pancakes / Waffles	1,908	511	1,397	1,563,181	556,607	1,006,574
Steak (Full Menu)	13,565	6,329	7,236	13,687,181	6,864,211	6,822,970
Sandwich & Other	8,136	481	7,655	2,314,978	221,564	2,093,414
Total	**102,135**	**29,313**	**72,822**	**$76,516,121**	**$25,688,238**	**$50,827,883**

B. HOTELS, MOTELS & CAMPGROUNDS

During the past several years, the U.S. lodging industry has benefited from the U.S. economy's continued strength. However, recent operating statistics suggest that a period of adjustment may be imminent. The growth in lodging demand is expected to advance only 1.5 percent in 1990, a sharp reduction from the 4 to 5.5 percent growth rate of the past several years. Consequently, the national occupancy rate is expected to dip to 62.6 percent in 1990, while room rates will just be able to keep pace with inflation. This weak demand/price scenario will continue to squeeze profits. It also will set the stage for further consolidation of ownership and enhanced focus on product segments. This will create an atmosphere which favors franchise properties affiliated

EXHIBIT 14

HOTELS, MOTELS, & CAMPGROUNDS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	1,208	1,235	1,284	2.2%	4.0%
Franchisee Owned	8,103	8,903	9,819	9.9	10.3
Total	**9,311**	**10,138**	**11,103**	**8.9%**	**9.5%**
Ratio To Total Establishments:					
Company Owned	13.0%	12.2%	11.6%		
Franchisee Owned	87.0	87.8	88.4		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 5,981,751	$ 6,228,920	$ 6,817,882	4.1%	9.5%
Franchisee Owned	13,767,428	15,075,333	17,046,349	9.5	13.1
Total	**$19,749,179**	**$21,304,253**	**$23,864,231**	**7.9%**	**12.0%**
Ratio To Total Sales:					
Company Owned	30.3%	29.2%	28.6%		
Franchisee Owned	69.7	70.8	71.4		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$4,952	$5,044	$5,310	1.9%	5.3%
Franchisee Owned	1,699	1,693	1,736	-0.4	2.5
Total	**$2,121**	**$2,101**	**$2,149**	**-0.1%**	**2.2%**

with large chain organizations or reservations systems.

During the 1990s, the shuffle between being an independent property and having a chain affiliation will continue as hotels strive for high operating results in their niche. Takeovers, coupled with scarce prime sites and high costs of new construction, will continue the trend toward converting existing properties. The expansion strategy of some large chains, especially in the mid-scale and economy segments, depends heavily on converting existing properties to new brand identities.

The product differentiation created in the 1980s will continue to be the focus of hotel marketing and development efforts into the next decade. The fastest growth will occur at both ends of the spectrum, in the limited service/economy segment and the resort/luxury segment. Much of the economy sector growth will result from the conversion of mid-scale properties.

Hotel, motel and campground franchisors represented 9,311 establishments in 1988, with receipts estimated at slightly over $19.7 billion. With lodging industry sales at about $50 billion, franchise companies represent slightly over 39 percent of total lodging industry revenue. Sales per establishment were much higher for company owned properties than for franchisee owned properties, $4,952,000 compared with $1,699,000. In this industry, the percentage of franchise operated properties remained relatively stable during the past several years. As a result of the expected slowdown in construction, that percentage is likely to remain stable during the next two years.

EXHIBIT 15

HOTELS, MOTELS & CAMPGROUNDS

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	**2,726,605**	**30.2**
Company Owned	855,180	31.3
Franchisee Owned	1,871,425	29.7

EXHIBIT 16

HOTELS, MOTELS & CAMPGROUNDS

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	93.8%	91.5%
Percentage of Purchases	0.0	0.0
Fixed Rate	4.2	2.1
Other	0.2	1.2
Total	**100 %**	**100 %**

EXHIBIT 17

HOTELS, MOTELS & CAMPGROUNDS

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly	0.0%	
Biweekly	7.7	DATA
Monthly	92.3	NOT
Quarterly	0.0	AVAILABLE
Annually	0.0	
Total	**100 %**	

EXHIBIT 18

HOTELS, MOTELS & CAMPGROUNDS

INVESTMENTS – 1988

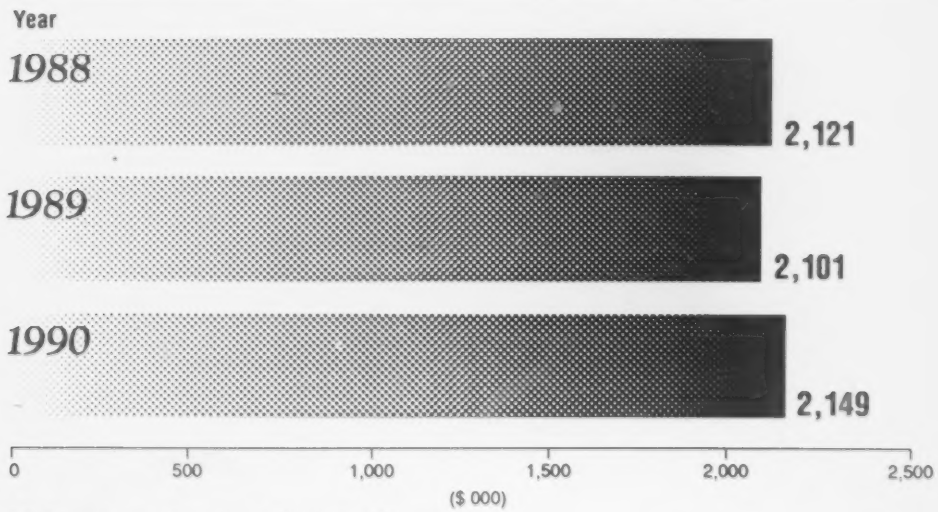
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 13,125	$ 20,000	$ 30,000
Multiple Unit Franchise Fee	*	17,500	*
Start-up Cost Franchisee Owned	200,000	425,000	575,000
Average Total Investment			
Company Owned	12,000	1,500,000	4,500,000
Franchisee Owned	425,000	1,350,000	4,125,000

* Insufficient Response

CHART 7

HOTELS, MOTELS & CAMPGROUNDS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 19

HOTELS, MOTELS & CAMPGROUNDS

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	133	7	126	Nebraska	70	6	64
Alaska	18	6	12	Nevada	47	10	37
Arizona	174	24	150	New Hampshire	31	3	28
Arkansas	99	9	90	New Jersey	131	12	119
California	670	102	568	New Mexico	105	7	98
Colorado	194	16	178	New York	255	18	237
Connecticut	79	6	73	North Carolina	310	14	296
Delaware	19	1	18	North Dakota	46	1	45
Dist. of Columbia	29	11	18	Ohio	275	25	250
Florida	712	44	668	Oklahoma	92	5	87
Georgia	317	26	291	Oregon	56	4	52
Hawaii	25	22	3	Pennsylvania	244	10	234
Idaho	40	5	35	Rhode Island	16	0	16
Illinois	241	32	209	South Carolina	198	13	185
Indiana	192	12	180	South Dakota	92	5	87
Iowa	87	2	85	Tennessee	262	34	228
Kansas	94	10	84	Texas	591	93	498
Kentucky	138	11	127	Utah	78	5	73
Louisiana	149	21	128	Vermont	25	2	23
Maine	34	3	31	Virginia	370	14	356
Maryland	131	6	125	Washington	98	12	86
Massachusetts	127	16	111	West Virginia	50	0	50
Michigan	188	31	157	Wisconsin	131	16	115
Minnesota	166	17	149	Wyoming	57	2	55
Mississippi	92	4	88	Puerto Rico	3	0	3
Missouri	177	16	161	Other U.S. Poss.	0	0	0
Montana	66	5	61	**TOTAL**	**8,024**	**776**	**7,248**

[1] Represents 86 percent of total establishments. The remaining 14 percent were unable to provide a geographic breakdown for this report.

C. Recreation, Entertainment & Travel

Rising personal income, stable prices and high levels of consumer optimism are expected to generate increased leisure and travel time. As illustrated in Exhibit 20, franchising firms engaged in the recreation, entertainment and travel business reported sales of $3.5 billion in 1988. In 1990, sales are expected to climb to $4.7 billion.

Leisure travelers comprised 40.2 percent of all hotel guests during 1988. The relatively weak U.S. dollar compared with foreign currencies has helped boost domestic travel, while the number of foreign travelers arriving in the U.S. continues to increase. This situation affects franchises within the U.S., since foreign travelers spend more money than domestic travelers.

EXHIBIT 20

RECREATION, ENTERTAINMENT & TRAVEL

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	395	407	438	3.0%	7.6%
Franchisee Owned	8,381	9,139	9,906	9.0	8.4
Total	**8,776**	**9,546**	**10,344**	**8.8%**	**8.4%**
Ratio To Total Establishments:					
Company Owned	4.5%	4.3%	4.2%		
Franchisee Owned	95.5	95.7	95.8		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 671,536	$ 714,258	$ 761,276	6.4%	6.6%
Franchisee Owned	2,871,485	3,356,123	3,959,834	16.9	18.0
Total	**$3,543,021**	**$4,070,381**	**$4,721,110**	**14.9%**	**16.0%**
Ratio To Total Sales:					
Company Owned	19.0%	17.5%	16.1%		
Franchisee Owned	81.0	82.5	83.9		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$1,700	$1,754	$1,738	3.2%	-0.1%
Franchisee Owned	342	367	400	7.3	9.0
Total	**$ 404**	**$ 426**	**$ 456**	**5.4%**	**7.0%**

EXHIBIT 21

RECREATION, ENTERTAINMENT & TRAVEL

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**32,761**	**3.7**
Company Owned	2,927	7.4
Franchisee Owned	29,834	3.6

EXHIBIT 22

RECREATION, ENTERTAINMENT & TRAVEL

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	85.7%	81.8%
Percentage of Purchases	0.0	0.0
Fixed Rate	14.3	18.2
Other	0.0	0.0
Total	**100 %**	**100 %**

EXHIBIT 23

RECREATION, ENTERTAINMENT & TRAVEL

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 24

RECREATION, ENTERTAINMENT & TRAVEL

INVESTMENTS – 1988

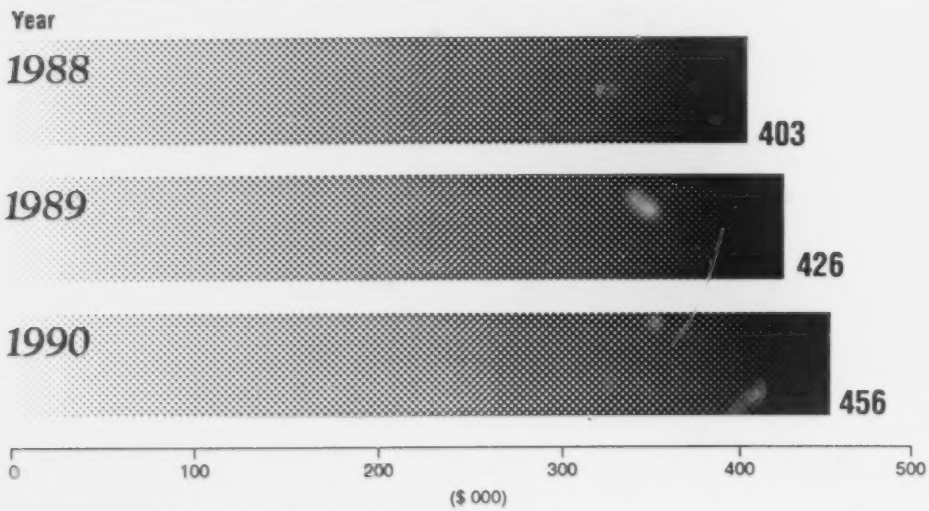
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$10,000	$ 22,500	$ 27,500
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchisee Owned	30,000	49,500	57,500
Average Total Investment			
Company Owned	60,000	100,000	200,000
Franchisee Owned	70,000	100,000	125,000

* Insufficient Response

CHART 8

RECREATION, ENTERTAINMENT & TRAVEL

SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 25

RECREATION, ENTERTAINMENT & TRAVEL

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	56	1	55	Nebraska	24	0	24
Alaska	12	0	12	Nevada	16	3	13
Arizona	70	17	53	New Hampshire	22	0	22
Arkansas	11	0	11	New Jersey	121	5	116
California	486	112	374	New Mexico	28	0	28
Colorado	101	9	92	New York	183	27	156
Connecticut	44	3	41	North Carolina	83	1	82
Delaware	20	0	20	North Dakota	4	0	4
Dist. of Columbia	17	7	10	Ohio	234	3	231
Florida	251	19	232	Oklahoma	40	1	39
Georgia	103	8	95	Oregon	33	2	31
Hawaii	14	1	13	Pennsylvania	208	16	192
Idaho	13	0	13	Rhode Island	11	0	11
Illinois	147	20	127	South Carolina	56	2	54
Indiana	71	0	71	South Dakota	10	0	10
Iowa	17	0	17	Tennessee	86	10	76
Kansas	22	0	22	Texas	279	22	257
Kentucky	48	1	47	Utah	10	0	10
Louisiana	53	5	48	Vermont	14	1	13
Maine	12	0	12	Virginia	90	4	86
Maryland	42	3	39	Washington	61	5	56
Massachusetts	71	4	67	West Virginia	11	0	11
Michigan	87	7	80	Wisconsin	47	14	33
Minnesota	67	5	62	Wyoming	8	0	8
Mississippi	15	0	15	Puerto Rico	3	0	3
Missouri	66	14	52	Other U.S. Poss.	1	1	0
Montana	21	0	21	**TOTAL**	**3,620**	**353**	**3,267**

[1] Represents 41 percent of total establishments. The remaining 59 percent were unable to provide a geographic breakdown for this report.

D. Automotive Products & Services

As illustrated in Exhibit 26, sales of auto products and service franchises will increase from $12.2 billion in 1989 to an estimated $13.6 billion in 1990. During the same period, the total number of establishments is expected to increase from 35,800 to 38,600.

Retail outlets of tire manufacturers lead the automotive products and service field, representing nearly 43.7 percent of total sales in 1989. Although such facilities primarily sell tires, most of these outlets now perform a full range of auto repair services.

Other franchises in the automotive products and services category include small and specialized car washes, muffler shops, brake and diagnostic shops, and lube and oil change centers. The number of these facilities is increasing and sales are rising. Because there has been a net loss of over 114,000 gasoline service stations since 1972, there is a rising demand for the automotive services previously performed by these stations. One of the fastest growing categories in this group is quick lube and oil change shops.

EXHIBIT 26

AUTOMOTIVE PRODUCTS & SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	4,621	4,776	5,119	3.4%	7.2%
Franchisee Owned	30,017	31,059	33,442	3.5	7.7
Total	**34,638**	**35,835**	**38,561**	**3.5%**	**7.6%**
Ratio To Total Establishments:					
Company Owned	13.3%	13.3%	13.3%		
Franchisee Owned	86.7	86.7	86.7		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 3,842,145	$ 4,151,206	$ 4,585,980	8.0%	10.4%
Franchisee Owned	7,520,550	8,089,692	9,046,265	7.6	11.8
Total	**$11,362,695**	**$12,240,898**	**$13,632,245**	**7.7%**	**11.4%**
Ratio To Total Sales:					
Company Owned	33.8%	33.9%	33.6%		
Franchisee Owned	66.2	66.1	66.4		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$831	$869	$895	4.6%	3.0%
Franchisee Owned	250	260	271	4.0	4.2
Total	**$328**	**$341**	**$353**	**4.0%**	**3.5%**

EXHIBIT 27

AUTOMOTIVE PRODUCTS & SERVICES

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**167,583**	**4.8**
Company Owned	38,000	8.2
Franchisee Owned	129,583	4.3

EXHIBIT 28

AUTOMOTIVE PRODUCTS & SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	92.6%	88.9%
Percentage of Purchases	0.0	0.0
Fixed Rate	3.7	7.4
Other	3.7	3.7
Total	**100 %**	**100 %**

EXHIBIT 29

AUTOMOTIVE PRODUCTS & SERVICES

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	52 %	52.2%
Biweekly	8	4.4
Monthly	40	43.4
Quarterly	0	0.0
Annually	0	0.0
Total	**100 %**	**100 %**

EXHIBIT 30

AUTOMOTIVE PRODUCTS & SERVICES

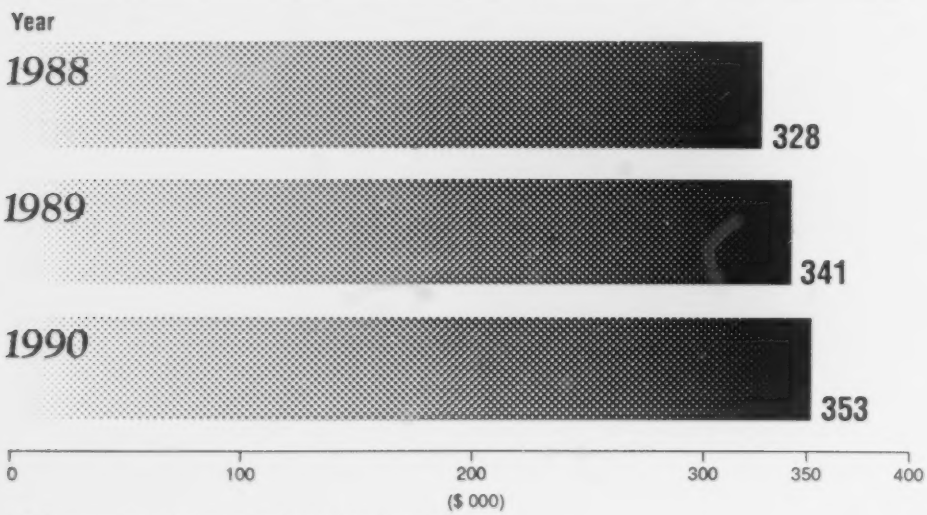
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$15,000	$ 20,000	$ 25,000
Multiple Unit Franchise Fee	17,500	22,500	29,500
Start-up Cost Franchisee Owned	25,000	40,000	73,750
Average Total Investment			
Company Owned	71,250	100,000	318,750
Franchisee Owned	75,000	100,000	150,000

CHART 9

AUTOMOTIVE PRODUCTS & SERVICES

SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 31

AUTOMOTIVE PRODUCTS & SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	187	3	184	Nebraska	112	8	104
Alaska	27	0	27	Nevada	49	8	41
Arizona	223	6	217	New Hampshire	50	0	50
Arkansas	123	3	120	New Jersey	530	61	469
California	1,459	124	1,335	New Mexico	75	1	74
Colorado	235	7	228	New York	769	71	698
Connecticut	233	17	216	North Carolina	328	8	320
Delaware	52	3	49	North Dakota	26	0	26
Dist. of Columbia	12	1	11	Ohio	667	67	600
Florida	720	28	692	Oklahoma	154	13	141
Georgia	371	29	342	Oregon	129	5	124
Hawaii	31	0	31	Pennsylvania	723	73	650
Idaho	57	1	56	Rhode Island	54	8	46
Illinois	796	70	726	South Carolina	191	0	191
Indiana	265	15	250	South Dakota	25	0	25
Iowa	136	6	130	Tennessee	277	27	250
Kansas	134	4	130	Texas	1,009	72	937
Kentucky	196	3	193	Utah	99	10	89
Louisiana	284	7	277	Vermont	22	1	21
Maine	66	2	64	Virginia	313	31	282
Maryland	286	26	260	Washington	261	20	241
Massachusetts	293	35	258	West Virginia	76	15	61
Michigan	716	130	586	Wisconsin	204	6	198
Minnesota	235	28	207	Wyoming	24	0	24
Mississippi	159	1	158	Puerto Rico	14	0	14
Missouri	321	15	306	Other U.S. Poss.	2	0	2
Montana	55	0	55	**TOTAL**	**13,855**	**1,069**	**12,786**

[1] Represents 40 percent of total establishments. The remaining 60 percent were unable to provide a geographic breakdown for this report.

E. Business Aids & Services

Business aids and services (accounting, credit collections and real estate agencies; employment, tax preparation and printing/copying services; and other miscellaneous business services) has one of the highest franchise growth rates. This reflects the increasing importance of the service sector to the economy.

Franchising has been an important vehicle for reaching various populations and serving market needs. This business concept has ensured that these specialized services are available regardless of location and economic status. A case in point is the rapid expansion of printing and copying franchises, highlighting the need which most businesses have for

EXHIBIT 32

BUSINESS AIDS & SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	7,475	7,033	7,493	-5.9%	6.5%
Franchisee Owned	48,110	52,747	59,778	9.6	13.3
Total	**55,585**	**59,780**	**67,271**	**7.5%**	**12.5%**
Ratio To Total Establishments:					
Company Owned	13.4%	11.8%	11.1%		
Franchisee Owned	86.6	88.2	88.9		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 3,253,276	$ 3,424,911	$ 3,855,690	5.3%	12.6%
Franchisee Owned	12,469,288	13,669,104	15,638,077	9.6	14.4
Total	**$15,722,564**	**$17,094,015**	**$19,493,767**	**8.7%**	**14.0%**
Ratio To Total Sales:					
Company Owned	20.7%	20.0%	19.8%		
Franchisee Owned	79.3	80.0	80.2		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$435	$487	$515	11.9%	5.7%
Franchisee Owned	259	259	262	0.0	1.2
Total	**$283**	**$286**	**$290**	**1.1%**	**1.4%**

affordable, professional printing and instant copying. Likewise, the explosion of employment franchises indicates a need for bringing employers and employees together in all markets, regardless of size or location.

Presently, we are witnessing strong growth in this segment and expecting continued above-average performance. Between 1988 and 1989, sales for this segment are expected to increase 8.7 percent, from $15.72 billion to $17.09 billion. Total franchise sales for business aids and services in 1990 are expected to be $19.49 billion, representing a 14.0 percent increase from 1989. Such development is significantly higher than the growth of the overall franchise industry. Business systems, personnel agencies and printing/copying outlets lead this segment.

Growth in the number of franchised outlets in this segment is also expected to remain above the total industry growth rate. Between 1988 and 1989, the number of outlets is expected to rise from 55,585 to 59,780, a 7.5 percent increase. Between 1989 and 1990, the number of outlets is projected to increase to 67,271, a 12.5 percent increase.

EXHIBIT 33

BUSINESS AIDS & SERVICES

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	**707,203**	**12.7**
Company Owned	240,842	32.2
Franchisee Owned	466,361	9.7

EXHIBIT 34

BUSINESS AIDS & SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	92.2%	90.2%
Percentage of Purchases	0.6	0.0
Fixed Rate	5.1	4.2
Other	2.1	5.6
Total	**100 %**	**100 %**

EXHIBIT 35

BUSINESS AIDS & SERVICES

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly	17.5%	15.1%
Biweekly	5.2	0.0
Monthly	72.2	71.7
Quarterly	4.1	7.6
Annually	1.0	5.6
Total	**100 %**	**100 %**

EXHIBIT 36

BUSINESS AIDS & SERVICES

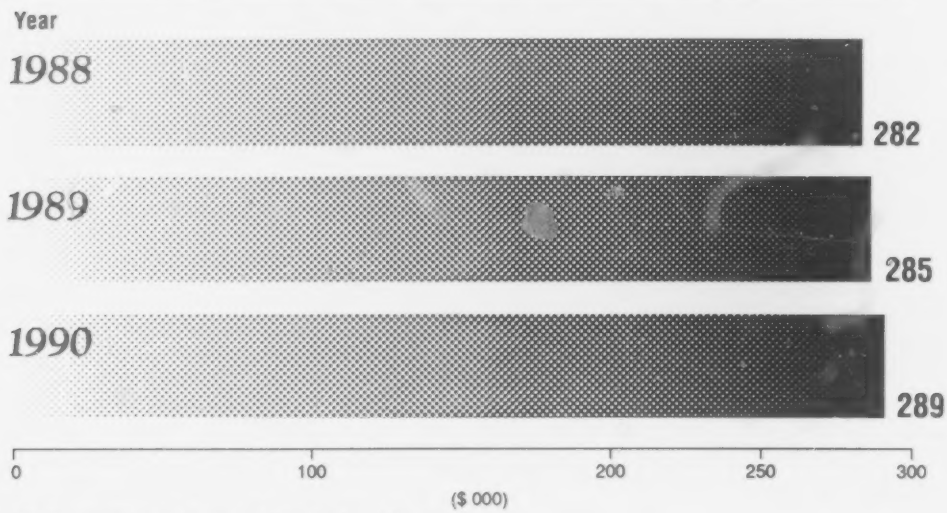
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$10,000	$15,500	$ 25,000
Multiple Unit Franchise Fee	7,500	15,000	18,950
Start-up Cost Franchisee Owned	15,000	25,000	50,000
Average Total Investment			
Company Owned	39,000	74,000	145,000
Franchisee Owned	30,000	59,500	100,000

CHART 10

BUSINESS AIDS & SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

The smallest component of the Business Aids & Services segment is Accounting, Credit, Collection Agencies and General Business Systems. This sector is expected to experience a 12.0 percent growth rate in 1988/89 and 15.3 percent in 1989/90, which is higher than the growth rate of the overall franchise industry. Unit sales are expected to grow modestly in 1989, up 2.5 percent, and then experience an increase of 23 percent in 1990.

EXHIBIT 37

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	25	27	28	8.0%	3.7%
Franchisee Owned	1,631	1,671	1,831	2.5	9.6
Total	**1,656**	**1,698**	**1,859**	**2.5%**	**9.5%**
Ratio To Total Establishments:					
Company Owned	1.5%	1.6%	1.5%		
Franchisee Owned	98.5	98.4	98.5		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 7,198	$ 8,025	$ 9,410	11.5%	17.3%
Franchisee Owned	159,263	178,251	205,030	11.9	15.0
Total	**$166,461**	**$186,276**	**$214,440**	**11.9%**	**15.1%**
Ratio To Total Sales:					
Company Owned	4.3%	4.3%	4.4%		
Franchisee Owned	95.7	95.7	95.6		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$288	$297	$336	3.1%	13.1%
Franchisee Owned	98	107	112	9.2	4.7
Total	**$101**	**$110**	**$115**	**8.9%**	**5.1%**

EXHIBIT 38

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**4,592**	**2.8**
Company Owned	144	5.8
Franchisee Owned	4,448	2.7

EXHIBIT 39

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	100 %	
Percentage of Purchases	0	DATA NOT
Fixed Rate	0	AVAILABLE
Other	0	
Total	**100 %**	

EXHIBIT 40

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 41

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

INVESTMENTS – 1988

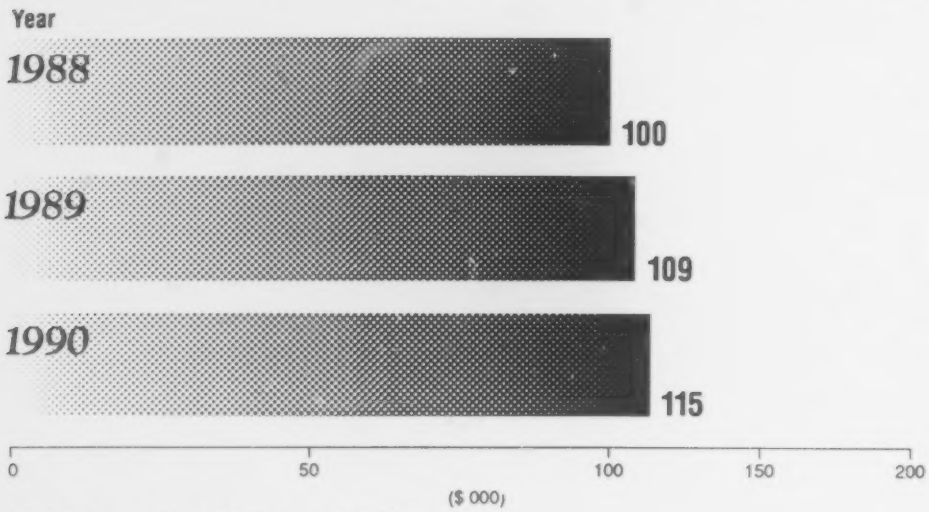
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$12,000	$20,000	$25,000
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchisee Owned	11,250	20,000	24,750
Average Total Investment			
Company Owned	*	*	*
Franchisee Owned	20,000	39,000	55,000

* Insufficient Response

CHART 11

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 42

ACCOUNTING, CREDIT, COLLECTION AGENCIES & GENERAL BUSINESS SYSTEMS

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	18	1	17	Nebraska	11	0	11
Alaska	2	0	2	Nevada	7	0	7
Arizona	24	0	24	New Hampshire	7	0	7
Arkansas	4	0	4	New Jersey	12	0	12
California	139	2	137	New Mexico	19	0	19
Colorado	29	0	29	New York	27	4	23
Connecticut	12	0	12	North Carolina	20	0	20
Delaware	7	0	7	North Dakota	10	0	10
Dist. of Columbia	5	0	5	Ohio	45	0	45
Florida	62	3	59	Oklahoma	17	1	16
Georgia	51	1	50	Oregon	21	0	21
Hawaii	1	0	1	Pennsylvania	48	0	48
Idaho	6	0	6	Rhode Island	3	0	3
Illinois	57	1	56	South Carolina	21	0	21
Indiana	29	0	29	South Dakota	3	0	3
Iowa	12	0	12	Tennessee	20	2	18
Kansas	12	2	10	Texas	102	0	102
Kentucky	14	0	14	Utah	12	0	12
Louisiana	21	2	19	Vermont	3	0	3
Maine	3	0	3	Virginia	39	1	38
Maryland	25	1	24	Washington	31	0	31
Massachusetts	27	2	25	West Virginia	9	0	9
Michigan	32	0	32	Wisconsin	24	0	24
Minnesota	14	0	14	Wyoming	5	0	5
Mississippi	7	0	7	Puerto Rico	0	0	0
Missouri	36	2	34	Other U.S. Poss.	0	0	0
Montana	11	0	11	**TOTAL**	**1,178**	**25**	**1,153**

[1] Represents 71 percent of total establishments. The remaining 29 percent were unable to provide a geographic breakdown for this report.

EMPLOYMENT SERVICES

Employment Services franchises,the second largest component of the Business Aids & Services segment, is experiencing strong revenue increases. Between 1988 and 1989, sales are expected to increase 7.8 percent, from $4.66 billion to $5.023 billion. Sales in 1990 are expected to reach $5.785 billion, an increase of 15.2 percent. Likewise, unit growth is anticipated to be slower in 1989 than in 1990, at 2.4 percent compared with 13.3 percent.

EXHIBIT 43

EMPLOYMENT SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	90/89
Total Number of Establishments:					
Company Owned	2,842	2,650	2,940	-6.8%	11.0%
Franchisee Owned	3,653	3,999	4,611	9.5	15.3
Total	**6,495**	**6,649**	**7,352**	**2.4%**	**13.6%**
Ratio To Total Establishments:					
Company Owned	43.8%	39.9%	38.9%		
Franchisee Owned	56.2	60.1	61.1		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$2,450,045	$2,536,351	$2,843,552	3.5%	12.1%
Franchisee Owned	2,211,185	2,486,879	2,941,773	12.5	18.3
Total	**$4,661,230**	**$5,023,230**	**$5,785,325**	**7.8%**	**15.2%**
Ratio To Total Sales:					
Company Owned	52.6%	50.5%	49.2%		
Franchisee Owned	47.4	49.5	50.8		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$862	$957	$967	11.0%	1.0%
Franchisee Owned	605	621	638	2.6	2.7
Total	**$718**	**$755**	**$766**	**5.2%**	**1.5%**

EXHIBIT 44

EMPLOYMENT SERVICES

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**334,700**	**51.5**
Company Owned	179,812	63.3
Franchisee Owned	154,888	42.2

EXHIBIT 45

EMPLOYMENT SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	96.5%	96.3%
Percentage of Purchases	0.0	0.0
Fixed Rate	0.0	1.9
Other	3.5	1.8
Total	**100 %**	**100 %**

EXHIBIT 46

EMPLOYMENT SERVICES

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	15.8%	14.3%
Biweekly	0.0	0.0
Monthly	84.2	78.6
Quarterly	0.0	7.1
Annually	0.0	0.0
Total	**100 %**	**100 %**

EXHIBIT 47

EMPLOYMENT SERVICES

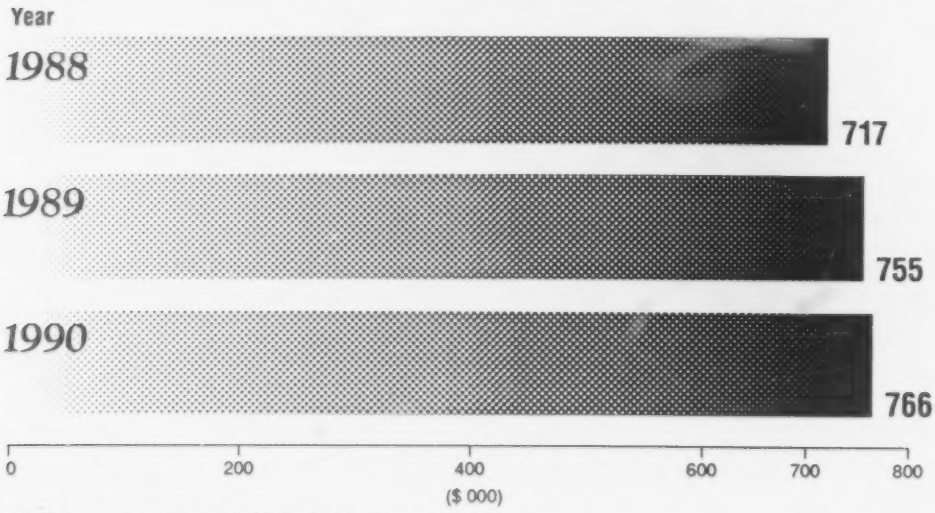
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$15,000	$ 15,000	$ 25,000
Multiple Unit Franchise Fee	4,750	15,000	82,500
Start-up Cost Franchisee Owned	22,750	28,500	50,000
Average Total Investment			
Company Owned	62,500	100,000	146,250
Franchisee Owned	51,250	70,000	98,000

CHART 12

EMPLOYMENT SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 48

EMPLOYMENT SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	64	21	43	Nebraska	23	3	20
Alaska	4	1	3	Nevada	21	2	19
Arizona	69	26	43	New Hampshire	24	0	24
Arkansas	60	17	43	New Jersey	252	69	183
California	660	363	297	New Mexico	45	0	45
Colorado	91	28	63	New York	300	123	177
Connecticut	118	40	78	North Carolina	155	27	128
Delaware	18	8	10	North Dakota	4	0	4
Dist. of Columbia	46	26	20	Ohio	246	68	178
Florida	416	170	246	Oklahoma	70	32	38
Georgia	221	125	96	Oregon	42	11	31
Hawaii	12	4	8	Pennsylvania	240	66	174
Idaho	11	1	10	Rhode Island	27	4	23
Illinois	236	72	164	South Carolina	71	2	69
Indiana	98	27	71	South Dakota	9	1	8
Iowa	33	4	29	Tennessee	102	16	86
Kansas	40	6	34	Texas	336	132	204
Kentucky	57	6	51	Utah	15	2	13
Louisiana	60	20	40	Vermont	18	7	11
Maine	11	2	9	Virginia	94	34	60
Maryland	88	38	50	Washington	78	22	56
Massachusetts	134	54	80	West Virginia	5	0	5
Michigan	193	45	148	Wisconsin	70	22	48
Minnesota	72	41	31	Wyoming	7	1	6
Mississippi	23	11	12	Puerto Rico	1	0	1
Missouri	107	40	67	Other U.S. Poss.	0	0	0
Montana	14	1	13	**TOTAL**	**5,211**	**1,841**	**3,370**

[1] Represents 79 percent of total establishments. The remaining 21 percent were unable to provide a geographic breakdown for this report.

PRINTING & COPYING SERVICES

Printing and Copying services are also expected to experience continued growth. From 1988 to 1989, sales should increase 14 percent, from $1.41 billion to $1.61 billion. Sales in 1990 are expected to be $1.89 billion, an increase of 17.4 percent from 1989. Unit expansion is also expected to exceed the high growth of the segment and of Business Format Franchising in general.

EXHIBIT 49

PRINTING & COPYING SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	148	158	167	6.8%	5.7%
Franchisee Owned	5,727	6,291	7,199	9.8	14.4
Total	**5,875**	**6,449**	**7,366**	**9.8%**	**14.2%**
Ratio To Total Establishments:					
Company Owned	2.5%	2.5%	2.3%		
Franchisee Owned	97.5	97.5	97.7		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 43,671	$ 48,765	$ 54,300	11.7%	11.4%
Franchisee Owned	1,369,139	1,560,824	1,835,994	14.0	17.6
Total	**$1,412,810**	**$1,609,589**	**$1,890,294**	**13.9%**	**17.4%**
Ratio To Total Sales:					
Company Owned	3.1%	3 %	2.9%		
Franchisee Owned	96.9	97	97.1		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$295	$307	$325	4.1%	5.9%
Franchisee Owned	239	248	255	3.8	2.8
Total	**$240**	**$250**	**$257**	**4.1%**	**2.8%**

EXHIBIT 50

PRINTING & COPYING SERVICES

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**25,068**	**4.3**
Company Owned	823	5.6
Franchisee Owned	24,245	4.1

EXHIBIT 51

PRINTING & COPYING SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	96.6%	80.8%
Percentage of Purchases	0.0	0.0
Fixed Rate	3.4	7.7
Other	0.0	11.5
Total	**100 %**	**100 %**

EXHIBIT 52

PRINTING & COPYING SERVICES

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	38.5%	
Biweekly	0.0	
Monthly	61.5	DATA NOT
Quarterly	0.0	AVAILABLE
Annually	0.0	
Total	**100 %**	

EXHIBIT 53

PRINTING & COPYING SERVICES

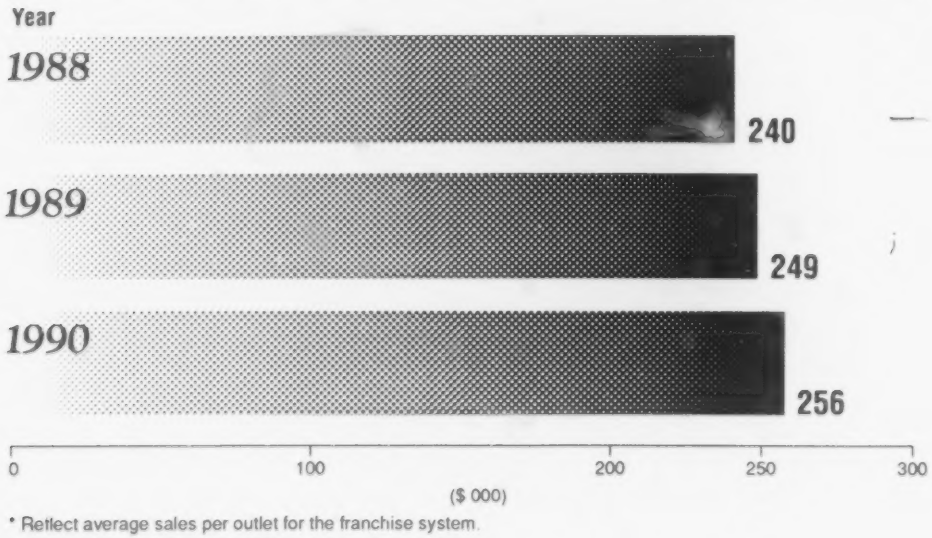
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$18,150	$ 24,000	$ 34,750
Multiple Unit Franchise Fee	7,500	11,250	17,375
Start-up Cost Franchisee Owned	30,000	47,500	73,000
Average Total Investment			
Company Owned	61,750	127,000	218,750
Franchisee Owned	91,500	113,500	148,500

CHART 13

PRINTING & COPYING SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 54

PRINTING & COPYING SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	52	0	52	Nebraska	17	4	13
Alaska	7	0	7	Nevada	19	0	19
Arizona	164	4	160	New Hampshire	24	0	24
Arkansas	31	0	31	New Jersey	172	0	172
California	964	12	952	New Mexico	24	0	24
Colorado	125	6	119	New York	264	0	264
Connecticut	74	1	73	North Carolina	90	0	90
Delaware	10	0	10	North Dakota	0	0	0
Dist. of Columbia	10	0	10	Ohio	248	3	245
Florida	395	4	391	Oklahoma	55	15	40
Georgia	177	0	177	Oregon	42	5	37
Hawaii	13	0	13	Pennsylvania	143	0	143
Idaho	0	0	5	Rhode Island	21	0	21
Illinois	294	0	294	South Carolina	50	0	50
Indiana	103	11	92	South Dakota	4	0	4
Iowa	26	2	24	Tennessee	65	0	65
Kansas	36	12	24	Texas	425	33	392
Kentucky	28	0	28	Utah	29	3	26
Louisiana	60	6	54	Vermont	3	0	3
Maine	7	0	7	Virginia	129	1	128
Maryland	90	0	90	Washington	64	4	60
Massachusetts	160	1	159	West Virginia	3	0	3
Michigan	214	2	212	Wisconsin	61	0	61
Minnesota	103	2	101	Wyoming	1	0	1
Mississippi	8	0	8	Puerto Rico	0	0	0
Missouri	106	6	100	Other U.S. Poss.	0	0	0
Montana	14	0	14	**TOTAL**	**5,229**	**137**	**5,092**

[1] Represents 89 percent of total establishments. The remaining 11 percent were unable to provide a geographic breakdown for this report.

TAX PREPARATION SERVICES

Tax Preparation services are experiencing the slowest growth in the Business Aids & Services segment. In fact, this segment is expected to experience a 1.0 percent reduction in the number of outlets between 1988 and 1989, although a modest increase of 2.9 percent is expected between 1989 and 1990. Sales revenue is expected to grow 7.4 percent in 1989 ($608 million to $653 million) and 8.4 percent between 1989 and 1990 (to $708 million).

EXHIBIT 55

TAX PREPARATION SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	3,536	3,364	3,421	-4.9%	1.7%
Franchisee Owned	4,767	4,857	5,039	1.9	3.7
Total	**8,303**	**8,221**	**8,460**	**-1.0%**	**2.9%**
Ratio To Total Establishments:					
Company Owned	42.6%	40.9%	40.4%		
Franchisee Owned	57.4	59.1	59.6		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$332,032	$354,6[illegible]	$382,615	6.8%	7.9%
Franchisee Owned	276,140	298,715	325,715	8.2	9.0
Total	**$608,172**	**$653,405**	**$708,330**	**7.4%**	**8.4%**
Ratio To Total Sales:					
Company Owned	54.6%	54.2%	54 %		
Franchisee Owned	45.4	45.8	46		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$94	$105	$112	11.7%	6.7%
Franchisee Owned	58	61	65	5.2	6.6
Total	**$73**	**$ 79**	**$ 84**	**8.2%**	**6.3%**

EXHIBIT 56

TAX PREPARATION SERVICES

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**79,329**	**9.6**
Company Owned	41,882	11.8
Franchisee Owned	37,447	7.9

EXHIBIT 57

TAX PREPARATION SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	100 %	
Percentage of Purchases	0	DATA NOT
Fixed Rate	0	AVAILABLE
Other	0	
Total	**100 %**	

EXHIBIT 58

TAX PREPARATION SERVICES

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 59

TAX PREPARATION SERVICES

INVESTMENTS – 1988

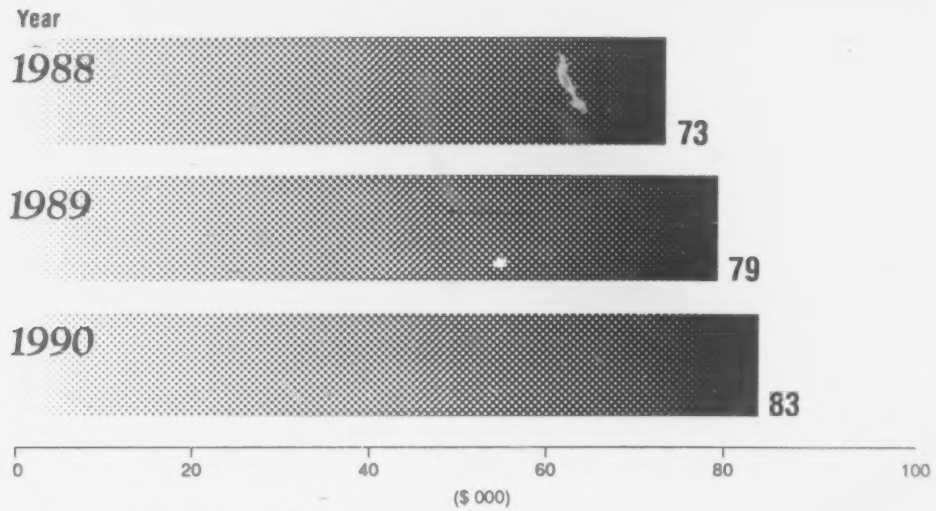
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$2,750	$ 5,000	$10,000
Multiple Unit Franchise Fee	*	11,250	*
Start-up Cost Franchisee Owned	*	506,000	*
Average Total Investment			
Company Owned	*	10,000	*
Franchisee Owned	*	10,000	*

* Insufficient Response

CHART 14

TAX PREPARATION SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 60

TAX PREPARATION SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	164	18	146	Nebraska	79	26	53
Alaska	15	5	10	Nevada	37	9	28
Arizona	147	84	63	New Hampshire	31	13	18
Arkansas	102	1	101	New Jersey	148	123	25
California	725	442	283	New Mexico	60	21	39
Colorado	132	78	54	New York	413	295	118
Connecticut	80	51	29	North Carolina	215	52	163
Delaware	21	11	10	North Dakota	31	12	19
Dist. of Columbia	11	11	0	Ohio	360	220	140
Florida	394	161	233	Oklahoma	138	4	134
Georgia	218	105	113	Oregon	90	6	84
Hawaii	34	20	14	Pennsylvania	334	161	173
Idaho	34	0	34	Rhode Island	20	17	3
Illinois	387	236	151	South Carolina	118	41	77
Indiana	252	120	132	South Dakota	30	7	23
Iowa	142	26	116	Tennessee	180	79	101
Kansas	142	51	90	Texas	585	145	440
Kentucky	141	23	153	Utah	39	0	39
Louisana	135	61	74	Vermont	19	2	17
Maine	41	9	32	Virginia	272	61	211
Maryland	130	81	49	Washington	108	2	106
Massachusetts	174	140	34	West Virginia	90	26	64
Michigan	332	155	177	Wisconsin	195	92	103
Minnesota	181	82	99	Wyoming	28	5	23
Mississippi	157	17	140	Puerto Rico	11	0	11
Missouri	250	113	137	Other U.S. Poss.	2	0	2
Montana	41	6	35	**TOTAL**	**8,249**	**3,526**	**4,723**

[1] Represents 99 percent of total establishments. The remaining 1 percent were unable to provide a geographic breakdown for this report.

Real Estate

The Real Estate segment represents more than one-third of sales for Business Aids & Services franchises. While growth in this segment continues at a steady pace, performing above the general franchise industry, it has slowed relative to other segments within this category.

EXHIBIT 61

REAL ESTATE

SALES & ESTABLISHMENTS*

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	142	118	118	-16.9%	0.0%
Franchisee Owned	15,152	15,830	16,837	4.5	6.4
Total	**15,294**	**15,948**	**16,955**	**4.3%**	**6.3%**
Ratio To Total Establishments:					
Company Owned	0.9%	0.7%	0.7%		
Franchisee Owned	99.1	99.3	99.3		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 66,664	$ 68,515	$ 73,640	2.8%	7.5%
Franchisee Owned	5,856,613	6,176,129	6,676,785	5.5	8.1
Total	**$5,923,277**	**$6,244,644**	**$6,750,425**	**5.4%**	**8.1%**
Ratio To Total Sales:					
Company Owned	1.1%	1.1%	1.1%		
Franchisee Owned	98.9	98.9	98.9		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$469	$581	$624	23.8%	7.4%
Franchisee Owned	387	390	397	0.8	1.8
Total	**$387**	**$392**	**$398**	**1.3%**	**1.5%**

* Sales are reported as Gross Commissions.

EXHIBIT 62

REAL ESTATE

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	197,465	12.9
Company Owned	2,582	18.2
Franchisee Owned	194,883	12.9

EXHIBIT 63

REAL ESTATE

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	97.5%	100 %
Percentage of Purchases	0.0	0
Fixed Rate	2.5	0
Other	0.0	0
Total	100 %	100 %

EXHIBIT 64

REAL ESTATE

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 65

REAL ESTATE

INVESTMENTS – 1988

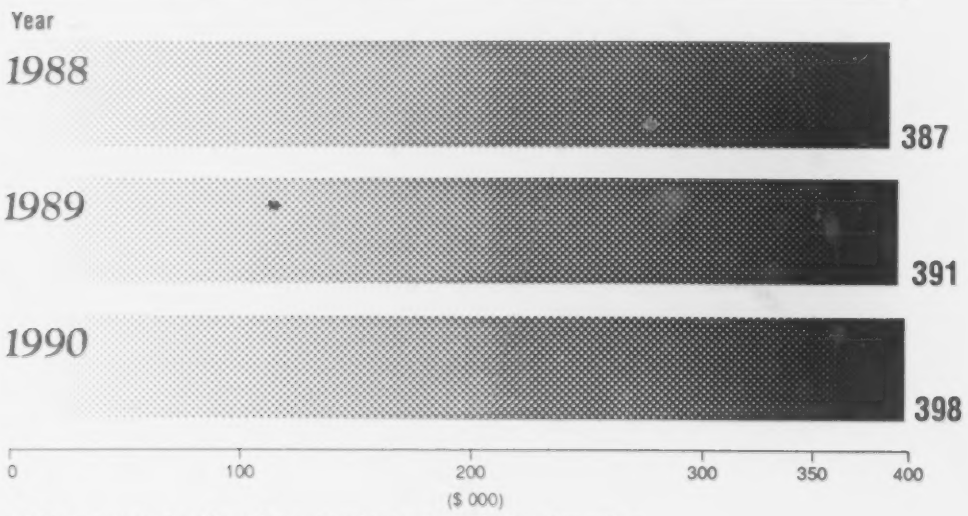
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 7,500	$10,000	$15,000
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchisee Owned	9,000	15,000	20,000
Average Total Investment			
Company Owned	*	37,500	*
Franchisee Owned	20,000	25,000	50,000

* Insufficient Response

CHART 15

REAL ESTATE

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales (Gross Commission) per outlet for the franchise system.

EXHIBIT 66

REAL ESTATE

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	106	0	106	Nebraska	88	0	88
Alaska	38	0	38	Nevada	102	0	102
Arizona	260	2	258	New Hampshire	106	0	106
Arkansas	127	0	127	New Jersey	359	0	359
California	2,003	29	1,974	New Mexico	81	0	81
Colorado	224	0	224	New York	592	25	567
Connecticut	319	0	319	North Carolina	322	4	318
Delaware	25	0	25	North Dakota	39	0	39
Dist. of Columbia	4	0	4	Ohio	351	26	325
Florida	943	11	932	Oklahoma	166	1	165
Georgia	355	0	355	Oregon	92	0	92
Hawaii	43	0	43	Pennsylvania	437	1	436
Idaho	48	0	48	Rhode Island	46	0	46
Illinois	733	0	733	South Carolina	160	0	160
Indiana	275	0	275	South Dakota	46	0	46
Iowa	177	0	177	Tennessee	159	0	159
Kansas	123	4	119	Texas	792	4	788
Kentucky	141	0	141	Utah	83	0	83
Louisiana	112	0	112	Vermont	38	0	38
Maine	99	3	96	Virginia	247	0	247
Maryland	133	0	133	Washington	177	0	177
Massachusetts	418	0	418	West Virginia	62	1	61
Michigan	705	8	697	Wisconsin	311	1	310
Minnesota	239	0	239	Wyoming	44	0	44
Mississippi	68	0	68	Puerto Rico	0	0	0
Missouri	298	12	286	Other U.S. Poss.	0	0	0
Montana	46	0	46	**TOTAL**	**12,958**	**128**	**12,830**

[1] Represents 85 percent of total establishments. The remaining 15 percent were unable to provide a geographic breakdown for this report.

MISCELLANEOUS BUSINESS SYSTEMS

Miscellaneous Business Systems is the third largest and the highest growth component of the Business Aids & Services segment. Sales are expected to increase from $2.95 billion (1988) to $3.37 billion (1989) to $4.144 billion (1990). This represents growth of 14.5 percent and 22.7 percent, respectively. Unit growth is expected to be 15.9 percent (17,962 units in 1988 to 20,815 units in 1989), and 20.5 percent (25,079 units in 1990).

EXHIBIT 67

MISCELLANEOUS BUSINESS SYSTEMS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	782	716	818	-8.4%	14.2%
Franchisee Owned	17,180	20,099	24,261	17.0	21.3
Total	**17,962**	**20,815**	**25,079**	**15.9**	**20.5%**
Ratio To Total Establishments:					
Company Owned	4.4%	3.4%	3.3%		
Franchisee Owned	95.6	96.6	96.7		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 353,666	$ 408,565	$ 492,173	15.5%	20.6%
Franchisee Owned	2,596,948	2,968,306	3,652,780	14.3	23.1
Total	**$2,950,614**	**$3,376,871**	**$4,144,953**	**14.4%**	**22.7%**
Ratio To Total Sales:					
Company Owned	12 %	12.1%	11.9%		
Franchisee Owned	88 %	87.9%	88.1%		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$452	$570	$601	26.1%	5.4%
Franchisee Owned	151	147	151	-2.6	2.7
Total	**$164**	**$162**	**$165**	**-1.2%**	**1.9%**

EXHIBIT 68

MISCELLANEOUS BUSINESS SYSTEMS

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**66,049**	**7.0**
Company Owned	15,599	19.9
Franchisee Owned	50,450	2.9

EXHIBIT 69

MISCELLANEOUS BUSINESS SYSTEMS

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	89.4%	87.8%
Percentage of Purchases	1.0	0.0
Fixed Rate	7.6	5.5
Other	2.0	6.7
Total	**100 %**	**100 %**

EXHIBIT 70

MISCELLANEOUS BUSINESS SYSTEMS

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	12.5%	6.9%
Biweekly	3.6	0.0
Monthly	75.0	79.3
Quarterly	7.1	10.3
Annually	1.8	3.5
Total	**100 %**	**100 %**

EXHIBIT 71

MISCELLANEOUS BUSINESS SYSTEMS

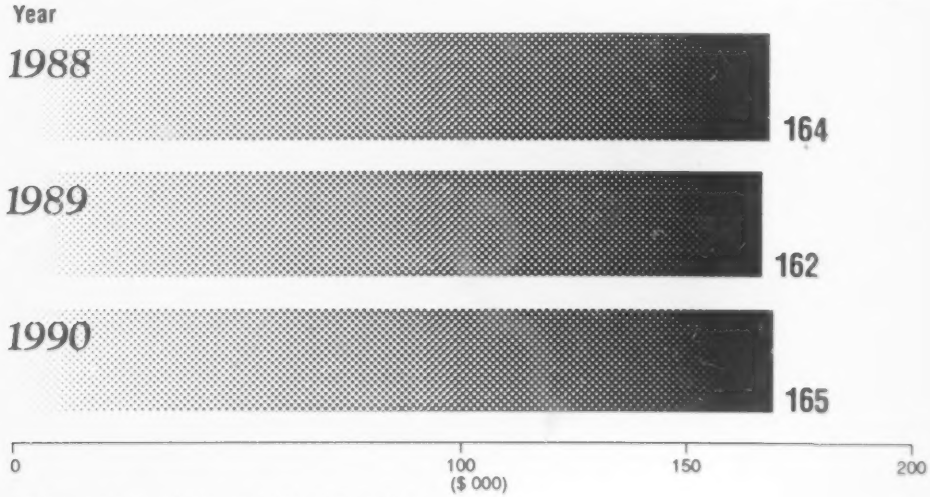
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$10,000	$17,000	$ 25,000
Multiple Unit Franchise Fee	10,200	15,000	25,925
Start-up Cost Franchisee Owned	15,000	25,000	50,000
Average Total Investment			
Company Owned	25,000	60,000	150,000
Franchisee Owned	30,000	50,000	100,000

CHART 16

MISCELLANEOUS BUSINESS SYSTEMS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 72

MISCELLANEOUS BUSINESS SYSTEMS

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	207	13	194	Nebraska	110	1	109
Alaska	20	0	20	Nevada	85	1	84
Arizona	286	3	283	New Hampshire	54	2	52
Arkansas	118	1	117	New Jersey	476	14	462
California	1,967	56	1,911	New Mexico	108	0	108
Colorado	401	11	390	New York	1,145	58	1,087
Connecticut	238	13	225	North Carolina	293	2	291
Delaware	46	1	45	North Dakota	37	1	36
Dist. of Columbia	40	5	35	Ohio	685	22	663
Florida	897	37	860	Oklahoma	162	9	153
Georgia	377	21	356	Oregon	254	14	240
Hawaii	35	3	32	Pennsylvania	476	13	463
Idaho	74	1	73	Rhode Island	39	3	36
Illinois	532	32	500	South Carolina	160	1	159
Indiana	306	1	305	South Dakota	55	1	54
Iowa	188	0	188	Tennessee	225	3	222
Kansas	158	2	156	Texas	1,178	28	1,150
Kentucky	201	1	200	Utah	112	2	110
Louisiana	187	3	184	Vermont	39	1	38
Maine	46	0	46	Virginia	239	5	234
Maryland	236	10	226	Washington	295	5	290
Massachusetts	343	12	331	West Virginia	74	1	73
Michigan	397	6	391	Wisconsin	159	0	159
Minnesota	263	3	260	Wyoming	31	1	30
Mississippi	98	4	94	Puerto Rico	2	1	1
Missouri	236	3	233	Other U.S. Poss.	2	1	1
Montana	41	1	40	**TOTAL**	**14,433**	**433**	**14,000**

[1] Represents 80 percent of total establishments. The remaining 20 percent were unable to provide a geographic breakdown for this report.

F. Construction, Home Improvement, Maintenance & Cleaning Services

Franchising has been one of the most preferred methods of growth in this widely varied category. Significant increases in the number of on-location cleaning services (home carpet and upholstery cleaning, moth-proofing, soil and flame-retarding treatments, static removal and carpet repairing) reflect this expansion. Some firms furnish complete professional cleaning services, including the cleaning of walls, floors and fixtures, while others specialize in sewer and drain-cleaning services. Lawn and garden franchise services range from lawn care to consultation and analysis of lawn problems. Other types of businesses in this category include maintenance and improvement companies, which

EXHIBIT 73

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	90/89
Total Number of Establishments:					
Company Owned	643	614	611	-4.5%	-0.5%
Franchisee Owned	21,364	24,132	27,659	13.0	14.6
Total	**22,007**	**24,746**	**28,270**	**12.4%**	**14.2%**
Ratio To Total Establishments:					
Company Owned	3 %	2.5%	2.2%		
Franchisee Owned	97	97.5	97.5		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$1,424,744	$1,484,588	$1,610,436	4.2%	8.5%
Franchisee Owned	3,871,351	4,491,270	5,140,946	16.0	14.5
Total	**$5,296,095**	**$5,975,858**	**$6,751,382**	**12.8%**	**13.0%**
Ratio To Total Sales:					
Company Owned	26.9%	24.8%	23.9%		
Franchisee Owned	73.1	75.2	76.1		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$2,216	$2,418	$2,636	9.1%	9.0%
Franchisee Owned	181	186	186	2.8	0.0
Total	**$ 241**	**$ 241**	**$ 239**	**0.0%**	**-0.8%**

EXHIBIT 74

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	124,844	5.7
Company Owned	14,351	22.3
Franchisee Owned	110,493	5.2

EXHIBIT 75

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	97.8%	94.8%
Percentage of Purchases	0.6	0.6
Fixed Rate	1.6	3.5
Other	0.0	1.1
Total	100 %	100 %

EXHIBIT 76

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

perform such functions as water conditioning, porcelain and furniture refurbishing, and home repair and remodeling.

While this entire category has experienced considerable growth in recent years, two areas have shown impressive results: home improvement centers and home cleaning or maid services. Growth in these categories is likely to be at the leading edge of franchise expansion in the 1990s, since several economic and demographic trends favor such a development. These trends include:

- Increased single-family housing starts and the increased sales of existing single-family homes in the past five years.
- Increased age of U.S. housing.
- Increased real income growth among home buyers.
- Increased consumer discretionary income.
- More two-income households and a maturing "baby boom" population.

The results for this category are presented in the accompanying charts. Sales of $5.3 billion were reported in 1988; $6.0 billion in sales are projected in 1989 and $6.8 billion in 1990. This represents an annual growth rate of over 12 percent compared with about a 5 percent growth in franchising of all types. This projected growth in sales is also expected to result in similar increases in the number of establishments, from an existing 22,007 in 1988 to over 28,000 by the end of 1990.

EXHIBIT 77

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

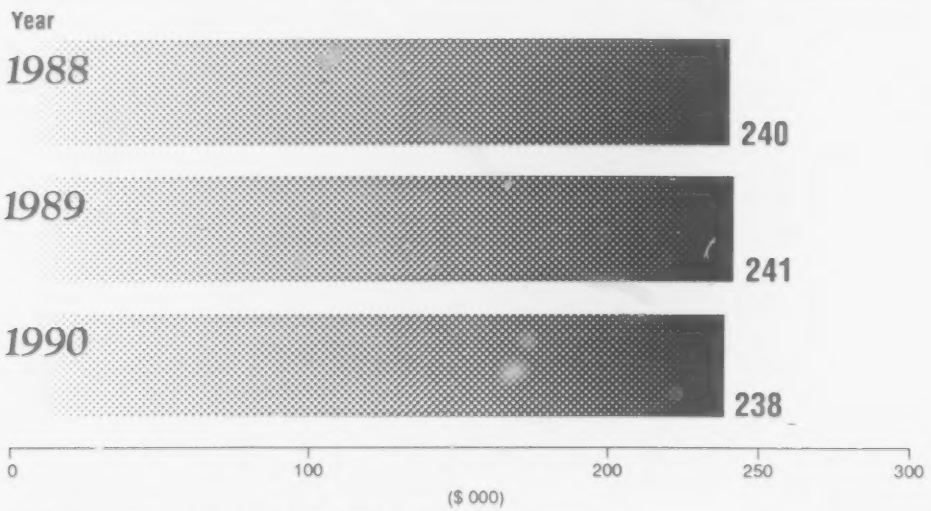
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$10,000	$15,000	$ 25,000
Multiple Unit Franchise Fee	8,125	20,000	71,875
Start-up Cost Franchisee Owned	15,000	25,000	50,000
Average Total Investment			
Company Owned	25,000	40,000	237,500
Franchisee Owned	25,000	40,000	75,000

CHART 17

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 78

CONSTRUCTION, HOME IMPROVEMENT, MAINTENANCE & CLEANING SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	192	4	188	Nebraska	162	2	160
Alaska	63	3	60	Nevada	82	1	81
Arizona	297	4	293	New Hampshire	117	1	116
Arkansas	130	2	128	New Jersey	478	25	453
California	2,352	67	2,285	New Mexico	165	2	163
Colorado	384	9	375	New York	685	30	655
Connecticut	268	11	257	North Carolina	365	10	355
Delaware	71	0	71	North Dakota	85	3	82
Dist. of Columbia	48	1	47	Ohio	766	37	729
Florida	868	33	835	Oklahoma	298	4	294
Georgia	419	15	404	Oregon	279	9	270
Hawaii	71	2	69	Pennsylvania	669	22	647
Idaho	101	2	99	Rhode Island	59	0	59
Illinois	887	27	860	South Carolina	215	2	213
Indiana	417	18	399	South Dakota	81	2	79
Iowa	287	2	285	Tennessee	239	3	236
Kansas	188	2	186	Texas	1,542	38	1,504
Kentucky	170	3	167	Utah	123	1	122
Louisiana	286	3	283	Vermont	64	1	63
Maine	106	2	104	Virginia	414	7	407
Maryland	279	18	261	Washington	430	6	424
Massachusetts	402	12	390	West Virginia	84	1	83
Michigan	492	21	471	Wisconsin	357	9	348
Minnesota	441	8	433	Wyoming	75	2	73
Mississippi	117	8	109	Puerto Rico	4	3	1
Missouri	363	9	354	Other U.S. Poss.	22	3	19
Montana	139	2	137	**TOTAL**	**17,698**	**512**	**17,186**

[1] Represents 80 percent of total establishments. The remaining 20 percent were unable to provide a geographic breakdown for this report.

G. Convenience Stores

Convenience food stores are an important factor in food retailing. Because of changing demographics and life-styles, the number of such facilities has increased rapidly, evolving into a large and sophisticated segment of food retailing. Many resemble scaled down modern supermarkets and offer on-premises food service facilities and self-service gasoline.

Currently, food service, represented in part by fast food and beverages prepared in the store for consumption elsewhere, is becoming more important. In fact, food service has become an integral and often dominant part of convenience store's product mix. Almost all convenience stores offer some type of food service, at least hot and cold

EXHIBIT 79

CONVENIENCE TORES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	10,794	10,948	10,880	1.4%	-0.6%
Franchisee Owned	6,417	6,341	6,587	-1.8	3.9
Total	**17,211**	**17,289**	**17,467**	**0.5%**	**1.0%**
Ratio To Total Establishments:					
Company Owned	62.7%	63.3%	62.3%		
Franchisee Owned	37.3	36.7	37.7		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 9,247,960	$ 9,415,650	$ 9,572,172	1.8%	1.7%
Franchisee Owned	4,647,980	4,634,840	4,846,287	-0.3	4.6
Total	**$13,895,940**	**$14,050,490**	**$14,418,459**	**1.1%**	**2.6%**
Ratio To Total Sales:					
Company Owned	66.6%	67 %	66.4%		
Franchisee Owned	33.4	33	33.6		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$857	$860	$880	0.4%	2.3%
Franchisee Owned	724	731	736	1.0	0.7
Total	**$807**	**$813**	**825**	**0.7%**	**1.5%**

EXHIBIT 80

CONVENIENCE STORES

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	**149,150**	**8.9**
Company Owned	117,863	10.9
Franchisee Owned	31,287	4.9

EXHIBIT 81

CONVENIENCE STORES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	90.9%	90.9%
Percentage of Purchases	0.0	0.0
Fixed Rate	0.0	0.0
Other	9.1	9.1
Total	**100 %**	**100 %**

EXHIBIT 82

CONVENIENCE STORES

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

beverages and fresh pastries. Many stores provide a variety of food service items: cold sandwiches, hot sandwiches, pizza and hot dogs. Many stores have installed a bulk soft drink (post mix) dispensing apparatus because of higher profit margins compared with bottled beverages.

Convenience stores are facing increased competition from supermarkets, which offer extended hours and Sunday shopping, as well as gasoline service stations, which provide small food stores on locations. Sales are projected to total $14.4 billion in 1990, 2.6 percent over the $14.1 billion in sales recorded during the previous year. In 1990, the number of units is expected to rise to 17,467, an increase of 1.0 percent over the year before.

EXHIBIT 83

CONVENIENCE STORES

INVESTMENTS – 1988

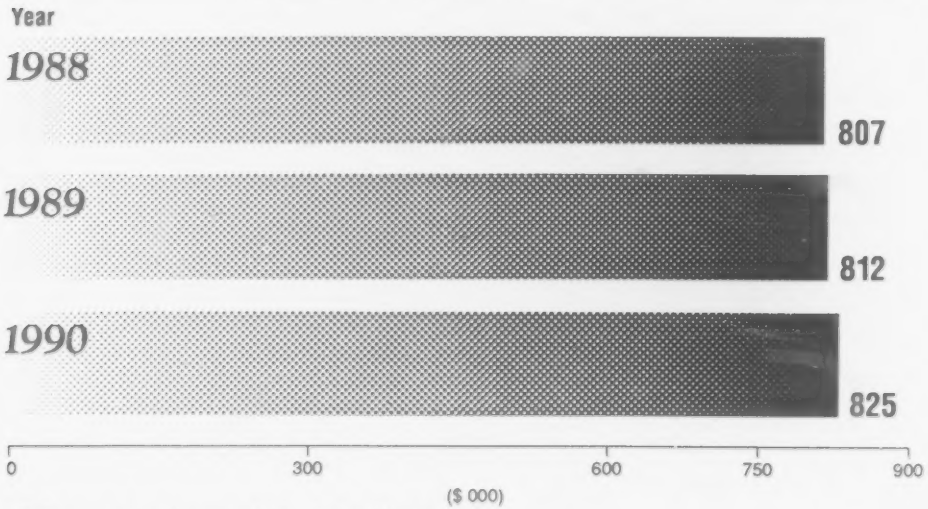
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	7,125	7,500	39,725
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchised	28,750	46,500	92,500
Average Total Investment			
Company Owned	81,250	250,000	750,000
Franchisee Owned	100,000	180,000	450,000

* Insufficient Response

CHART 18

CONVENIENCE STORES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 84

CONVENIENCE STORES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	146	98	48	Nebraska	10	0	10
Alaska	0	0	0	Nevada	289	86	203
Arizona	722	457	265	New Hampshire	12	4	8
Arkansas	0	0	0	New Jersey	219	2	217
California	2,545	748	1,797	New Mexico	138	132	6
Colorado	378	371	7	New York	461	32	429
Connecticut	157	76	81	North Carolina	52	9	43
Delaware	32	0	32	North Dakota	0	0	0
Dist. of Columbia	27	1	26	Ohio	495	295	200
Florida	839	772	67	Oklahoma	198	193	5
Georgia	37	37	0	Oregon	238	73	165
Hawaii	57	57	0	Pennsylvania	276	2	274
Idaho	79	60	19	Rhode Island	71	37	34
Illinois	343	49	294	South Carolina	5	5	0
Indiana	84	8	76	South Dakota	3	0	3
Iowa	48	13	35	Tennessee	204	145	59
Kansas	34	27	7	Texas	3,032	2,982	50
Kentucky	331	94	237	Utah	180	174	6
Louisiana	92	44	48	Vermont	0	0	0
Maine	9	0	9	Virginia	699	639	60
Maryland	325	150	175	Washington	393	108	285
Massachusetts	142	80	62	West Virginia	30	16	14
Michigan	197	1	196	Wisconsin	77	2	75
Minnesota	240	110	130	Wyoming	0	0	0
Mississippi	142	53	89	Puerto Rico	0	0	0
Missouri	242	173	69	Other U.S. Poss.	0	0	0
Montana	40	40	0	**TOTAL**	**14,370**	**8,455**	**5,915**

[1] Represents 83 percent of total establishments. The remaining 17 percent were unable to provide a geographic breakdown for this report.

H. Laundry & Dry Cleaning

New textiles and improved home laundering equipment continue to reduce consumer demand for professional laundry and dry cleaning services. Many franchised laundry and dry cleaning establishments have broadened their services to include drapery processing, rental of units to clean rugs at home, alteration work, and some have even added shoe repair. Sales of franchised laundries and dry cleaners are estimated at $303 million in 1989; they are expected to increase to $335 million by the end of 1990. The number of outlets is estimated at 2,472 in 1989, and is projected at 2,629 for 1990.

EXHIBIT 85

LAUNDRY & DRY CLEANING

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	126	136	141	7.9%	3.7%
Franchisee Owned	2,155	2,336	2,488	8.4	6.5
Total	**2,281**	**2,472**	**2,629**	**8.4%**	**6.4%**
Ratio To Total Establishments:					
Company Owned	5.5%	5.5%	5.4%		
Franchisee Owned	94.5	94.5	94.6		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 33,152	$ 36,627	$ 40,200	10.5%	9.8%
Franchisee Owned	238,390	266,245	294,655	11.7	10.7
Total	**$271,542**	**$302,872**	**$334,855**	**11.5%**	**10.6%**
Ratio To Total Sales:					
Company Owned	12.2%	12.1%	12 %		
Franchisee Owned	87.8	87.9	88		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$263	$269	$285	2.3%	5.9%
Franchisee Owned	111	114	118	2.7	3.5
Total	**$119**	**$126**	**$127**	**5.9%**	**0.8%**

EXHIBIT 86

LAUNDRY & DRY CLEANING

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**9,065**	**4.0**
Company Owned	920	7.3
Franchisee Owned	8,145	3.8

EXHIBIT 87

LAUNDRY & DRY CLEANING

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	80 %	
Percentage of Purchases	0	DATA NOT
Fixed Rate	20	AVAILABLE
Other	0	
Total	**100 %**	

EXHIBIT 88

LAUNDRY & DRY CLEANING

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 89

LAUNDRY & DRY CLEANING

INVESTMENTS – 1988

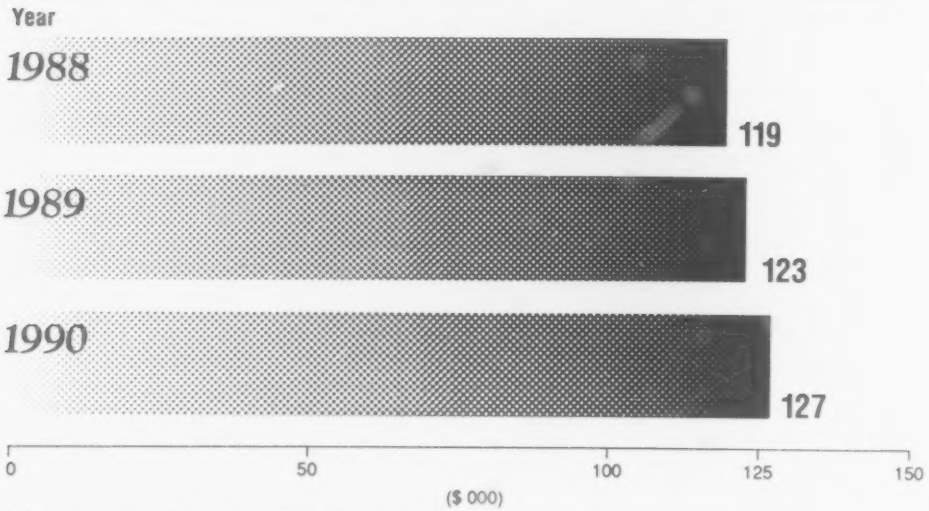
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	*	16,500	*
Multiple Unit Franchise Fee	*	9,500	*
Start-up Cost Franchisee Owned	20,000	50,000	70,000
Average Total Investment			
Company Owned	*	150,000	*
Franchisee Owned	125,000	150,000	191,250

* Insufficient Response

CHART 19

LAUNDRY & DRY CLEANING

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 90

LAUNDRY & DRY CLEANING

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	12	0	12	Nebraska	22	0	22
Alaska	9	0	9	Nevada	9	0	9
Arizona	45	7	38	New Hampshire	3	0	3
Arkansas	7	0	7	New Jersey	10	0	10
California	316	8	308	New Mexico	10	0	10
Colorado	22	0	22	New York	7	0	7
Connecticut	4	0	4	North Carolina	45	12	33
Delaware	2	0	2	North Dakota	7	0	7
Dist. of Columbia	1	0	1	Ohio	28	0	28
Florida	722	82	640	Oklahoma	7	0	7
Georgia	88	0	88	Oregon	10	0	10
Hawaii	2	0	2	Pennsylvania	12	0	12
Idaho	12	0	12	Rhode Island	4	0	4
Illinois	35	4	31	South Carolina	50	0	50
Indiana	6	0	6	South Dakota	6	1	5
Iowa	13	0	13	Tennessee	13	1	12
Kansas	15	2	13	Texas	175	0	175
Kentucky	22	0	22	Utah	8	0	8
Louisiana	82	2	80	Vermont	4	0	4
Maine	0	0	0	Virginia	31	2	29
Maryland	20	0	20	Washington	37	0	37
Massachusetts	9	0	9	West Virginia	4	0	4
Michigan	92	0	92	Wisconsin	67	0	67
Minnesota	32	0	32	Wyoming	5	0	5
Mississippi	19	0	19	Puerto Rico	0	0	0
Missouri	18	0	18	Other U.S. Poss.	0	0	0
Montana	2	0	2	**TOTAL**	**2,181**	**121**	**2,060**

[1] Represents 96 percent of total establishments. The remaining 4 percent were unable to provide a geographic breakdown for this report.

I. EDUCATIONAL PRODUCTS & SERVICES

Educational products and services represents a broad spectrum of highly specialized programs. The main type of franchisor in this category is diet and weight control centers. These franchisors became popular during the late 1980s as Americans became more health conscious.

Some of the other types of franchisors included in this category are learning centers (especially for children), trade schools and day-care centers.

Total sales for educational products and services surpassed $1.7 billion during 1988. Strong growth in total sales is predicted for 1989 and 1990, with increases of 13.2

EXHIBIT 91

EDUCATIONAL PRODUCTS & SERVICES

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	656	601	664	-8.4%	10.5%
Franchisee Owned	10,914	11,291	12,601	3.5	11.6
Total	**11,570**	**11,892**	**13,265**	**2.8%**	**11.5%**
Ratio To Total Establishments:					
Company Owned	5.7%	5.1%	5 %		
Franchisee Owned	94.3	94.9	95		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 471,438	$ 539,760	$ 617,793	14.5%	14.5%
Franchisee Owned	1,228,930	1,385,551	1,704,652	12.7	23.0
Total	**$1,700,368**	**$1,925,311**	**$2,322,445**	**13.2%**	**20.6%**
Ratio To Total Sales:					
Company Owned	27.7	28 %	35 %		
Franchisee Owned	72.3	72	65		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$719	$898	$930	24.9%	3.6%
Franchisee Owned	113	124	135	9.7	8.9
Total	**$147**	**$162**	**$175**	**10.2%**	**8.0%**

EXHIBIT 92

EDUCATIONAL PRODUCTS & SERVICES

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	**60,923**	**5.2**
Company Owned	19,209	29.3
Franchisee Owned	41,714	3.8

EXHIBIT 93

EDUCATIONAL PRODUCTS & SERVICES

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	89.1%	84.3%
Percentage of Purchases	0.0	0.0
Fixed Rate	10.9	13.7
Other	0.0	2.0
Total	**100 %**	**100 %**

EXHIBIT 94

EDUCATIONAL PRODUCTS & SERVICES

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly	21.4%	25.0%
Biweekly	7.1	12.5
Monthly	57.3	50.0
Quarterly	7.1	0.0
Annually	7.1	12.5
Total	**100 %**	**100 %**

percent and 20.6 percent, respectively. These figures, plus the number of establishments, are presented in Exhibit 91.

This category is projected to experience continued growth during the 1990s, since Americans should have increased leisure time and maintain their health awareness. Educational products for children and day-care programs should increase, since demand for these products and services will rise as a result of the slight baby boom of the late 1980s.

EXHIBIT 95

EDUCATIONAL PRODUCTS & SERVICES

INVESTMENTS – 1988

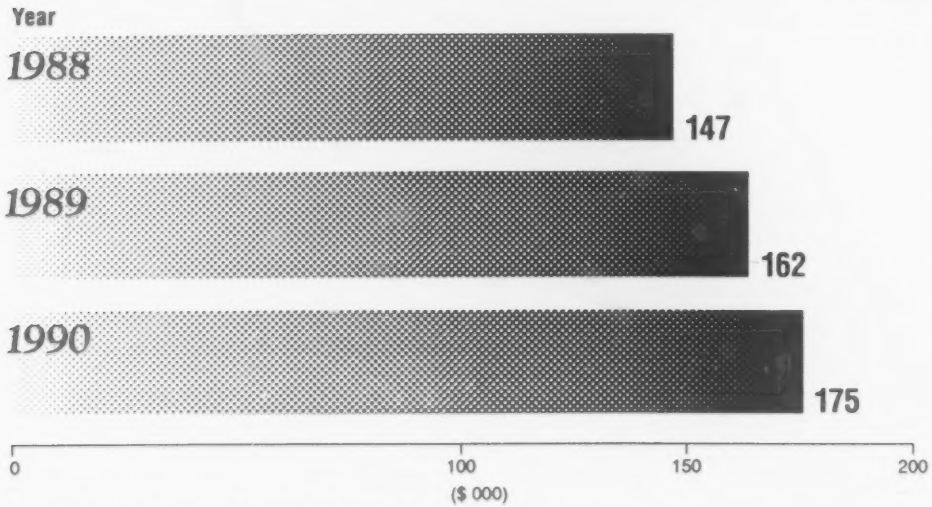
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$12,000	$18,750	$ 26,125
Multiple Unit Franchise Fee	*	20,375	*
Start-up Cost Franchisee Owned	15,000	25,000	75,000
Average Total Investment			
Company Owned	25,750	80,000	187,500
Franchisee Owned	25,000	50,000	100,000

* Insufficient Response

CHART 20

EDUCATIONAL PRODUCTS & SERVICES

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 96

EDUCATIONAL PRODUCTS & SERVICES

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	80	1	79	Nebraska	78	6	72
Alaska	27	0	27	Nevada	45	0	45
Arizona	177	26	151	New Hampshire	19	0	19
Arkansas	53	1	52	New Jersey	254	16	238
California	958	103	855	New Mexico	65	2	63
Colorado	124	20	104	New York	448	37	411
Connecticut	159	8	151	North Carolina	190	0	190
Delaware	17	0	17	North Dakota	33	1	32
Dist. of Columbia	18	8	10	Ohio	237	11	226
Florida	325	15	310	Oklahoma	75	6	69
Georgia	137	11	126	Oregon	93	0	93
Hawaii	30	0	30	Pennsylvania	238	4	234
Idaho	45	1	44	Rhode Island	25	0	25
Illinois	297	16	281	South Carolina	66	0	66
Indiana	114	11	103	South Dakota	24	1	23
Iowa	122	3	119	Tennessee	129	16	113
Kansas	88	1	87	Texas	449	20	429
Kentucky	664	0	664	Utah	79	1	78
Louisiana	96	0	96	Vermont	27	0	27
Maine	17	0	17	Virginia	136	8	128
Maryland	119	2	117	Washington	190	5	185
Massachusetts	184	10	174	West Virginia	31	0	31
Michigan	153	2	151	Wisconsin	94	3	91
Minnesota	138	4	134	Wyoming	33	0	33
Mississippi	60	3	57	Puerto Rico	1	0	1
Missouri	112	3	109	Other U.S. Poss.	4	0	4
Montana	42	1	41	**TOTAL**	**6,819**	**387**	**6,432**

[1] Represents 59 percent of total establishments. The remaining 41 percent were unable to provide a geographic breakdown for this report.

J. Rental Sevices – Auto & Truck

To increase revenue, rental companies are stressing increased services, leasing and new marketing procedures. Nearly all are offering flat fees with unlimited mileage. Some are stressing express booths at airports to speed the rental process and are aggressively selling to business executives and corporate accounts. Sales of these firms rose to $7 billion in 1989 and are expected to rise 9 percent to $7.6 billion in 1990. The number of outlets should reach 9,859 in 1989 and increase 7.6 percent to an estimated 10,613 in 1990.

EXHIBIT 97

RENTAL SERVICES - AUTO & TRUCK

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	2,392	2,389	2,415	-0.1%	1.1%
Franchisee Owned	7,153	7,470	8,198	4.4	9.7
Total	**9,545**	**9,859**	**10,613**	**3.3%**	**7.6%**
Ratio To Total Establishments					
Company Owned	25.1%	24.2%	22.8%		
Franchisee Owned	74.9	75.8	77.2		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$3,745,391	$3,861,730	$4,090,930	3.1%	5.9%
Franchisee Owned	2,871,325	3,089,170	3,486,900	7.6	12.9
Total	**$6,616,716**	**$6,950,900**	**$7,577,830**	**5.1%**	**9.0%**
Ratio To Total Sales					
Company Owned	56.6%	55.5%	54 %		
Franchisee Owned	43.4	44.5	46		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$1,566	$1,616	$1,694	3.2%	4.8%
Franchisee Owned	401	414	425	3.2	2.7
Total	**$ 693**	**$ 705**	**$ 714**	**1.7%**	**1.3%**

EXHIBIT 98

RENTAL SERVICES - AUTO & TRUCK

EMPLOYMENT - 1988

	Employees	Average Per Establishment
Total	**77,268**	**8.1**
Company Owned	32,302	13.5
Franchisee Owned	44,966	6.3

EXHIBIT 99

RENTAL SERVICES - AUTO & TRUCK

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT - 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	100 %	100 %
Percentage of Purchases	0	0
Fixed Rate	0	0
Other	0	0
Total	**100 %**	**100 %**

EXHIBIT 100

RENTAL SERVICES - AUTO & TRUCK

FRANCHISEE PAYMENTS - 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 101

RENTAL SERVICES - AUTO & TRUCK

INVESTMENTS – 1988

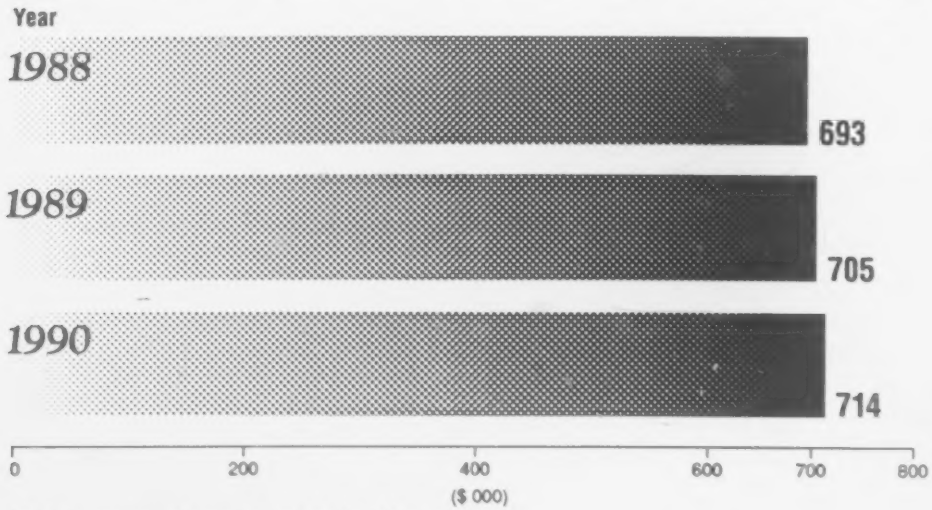
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 3,000	$ 15,000	$ 25,000
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchisee Owned	25,000	30,000	75,000
Average Total Investment			
Company Owned	*	150,000	*
Franchisee Owned	73,750	150,000	275,000

* Insufficient Response

CHART 21

RENTAL SERVICES - AUTO & TRUCK

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 102

RENTAL SERVICES – AUTO & TRUCK

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	101	15	86	Nebraska	74	18	56
Alaska	59	2	57	Nevada	53	21	32
Arizona	152	37	115	New Hampshire	57	8	49
Arkansas	50	0	50	New Jersey	435	41	394
California	800	282	518	New Mexico	73	9	64
Colorado	139	29	110	New York	637	109	528
Connecticut	163	32	131	North Carolina	245	25	220
Delaware	26	2	24	North Dakota	26	1	25
Dist. of Columbia	22	9	13	Ohio	341	57	284
Florida	509	213	296	Oklahoma	92	15	77
Georgia	174	37	137	Oregon	77	17	60
Hawaii	83	32	51	Pennsylvania	450	70	380
Idaho	54	5	49	Rhode Island	46	14	32
Illinois	339	86	253	South Carolina	123	26	97
Indiana	174	15	159	South Dakota	40	7	33
Iowa	80	6	74	Tennessee	131	13	118
Kansas	80	21	59	Texas	497	86	411
Kentucky	94	12	82	Utah	56	4	52
Louisiana	100	20	80	Vermont	37	5	32
Maine	51	14	37	Virginia	221	50	171
Maryland	160	33	127	Washington	183	36	147
Massachusetts	256	58	198	West Virginia	87	5	82
Michigan	217	46	171	Wisconsin	153	22	131
Minnesota	113	17	96	Wyoming	33	0	33
Mississippi	79	5	74	Puerto Rico	15	0	15
Missouri	82	8	74	Other U.S. Poss.	1	0	1
Montana	83	0	83	**TOTAL**	**8,423**	**1,695**	**6,728**

[1] Represents 88 percent of total establishments. The remaining 12 percent were unable to provide a geographic breakdown for this report.

K. Rental Services – Equipment

Franchised rental equipment activities account for a small share of all equipment rental receipts. In 1989, there were 2,983 outlets renting all kinds of consumer products – party supplies, gardening supplies, tools, light construction machinery and home-use medical equipment – with estimated sales of $695 million in 1989; sales are projected to increase to $811 million by the end of 1990. The number of outlets should increase 16 percent to 3,358 in 1990 from 1989.

EXHIBIT 103

RENTAL SERVICES - EQUIPMENT

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	736	816	896	10.9%	9.8%
Franchisee Owned	2,282	2,167	2,462	-5.0	13.6
Total	**3,018**	**2,983**	**3,358**	**-1.2%**	**12.6%**
Ratio To Total Establishments:					
Company Owned	24.4%	27.4%	26.7%		
Franchisee Owned	75.6	72.6	73.3		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$203,333	$230,740	$264,950	13.5%	14.8%
Franchisee Owned	474,314	464,225	546,095	-2.1	17.6
Total	**$677,647**	**$694,965**	**$811,045**	**2.6%**	**16.7%**
Ratio To Total Sales:					
Company Owned	30 %	33.2%	32.7%		
Franchisee Owned	70	66.8	67.2		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$276	$283	$296	2.5%	4.6%
Franchisee Owned	208	214	221	2.9	3.3
Total	**$225**	**$233**	**$242**	**3.6%**	**3.9%**

EXHIBIT 104

RENTAL SERVICES - EQUIPMENT

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**15,116**	**5.0**
Company Owned	4,197	5.7
Franchisee Owned	10,919	4.8

EXHIBIT 105

RENTAL SERVICES - EQUIPMENT

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	96.7%	96.5%
Percentage of Purchases	0.0	0.0
Fixed Rate	0.0	0.0
Other	3.3	3.5
Total	**100 %**	**100 %**

EXHIBIT 106

RENTAL SERVICES - EQUIPMENT

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly		
Biweekly		
Monthly	DATA NOT	DATA NOT
Quarterly	AVAILABLE	AVAILABLE
Annually		
Total		

EXHIBIT 107

RENTAL SERVICES - EQUIPMENT

INVESTMENTS – 1988

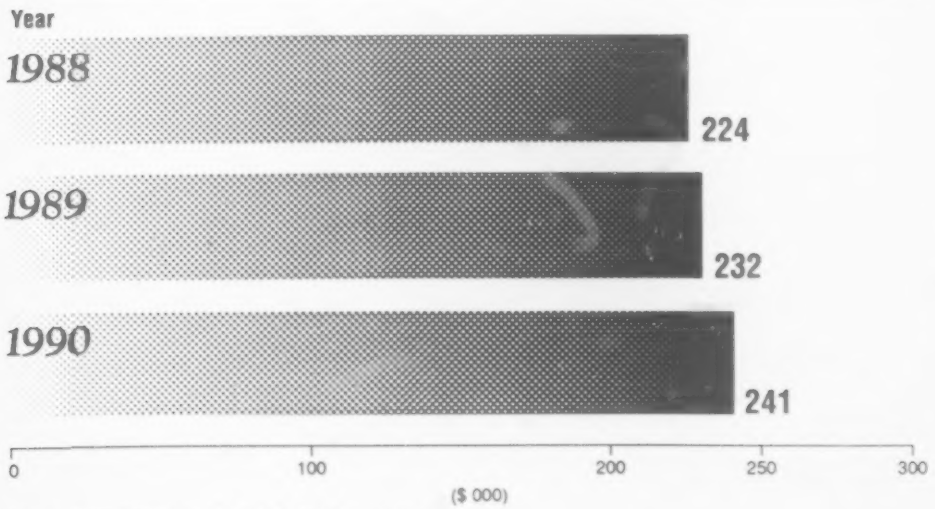
	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 12,750	$ 15,000	$ 20,000
Multiple Unit Franchise Fee	*	*	*
Start-up Cost Franchisee Owned	30,000	40,000	75,000
Average Total Investment			
Company Owned	60,000	105,000	147,500
Franchisee Owned	100,000	130,000	200,000

* Insufficient Response

CHART 22

RENTAL SERVICES - EQUIPMENT

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 108

RENTAL SERVICES - EQUIPMENT

NUMBER OF ESTABLISHMENTS BY STATE - 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	29	2	27	Nebraska	14	1	13
Alaska	1	0	1	Nevada	5	0	5
Arizona	37	6	31	New Hampshire	6	0	6
Arkansas	39	20	19	New Jersey	41	1	40
California	214	56	158	New Mexico	14	0	14
Colorado	42	10	32	New York	61	2	59
Connecticut	71	0	71	North Carolina	40	5	35
Delaware	3	0	3	North Dakota	4	0	4
Dist. of Columbia	0	0	0	Ohio	111	10	101
Florida	169	29	140	Oklahoma	39	13	26
Georgia	47	7	40	Oregon	21	0	21
Hawaii	5	0	5	Pennsylvania	53	0	53
Idaho	11	0	11	Rhode Island	15	2	13
Illinois	109	45	64	South Carolina	28	1	27
Indiana	41	4	37	South Dakota	3	0	3
Iowa	39	8	31	Tennessee	41	3	38
Kansas	24	2	22	Texas	243	26	217
Kentucky	45	17	28	Utah	10	2	8
Louisiana	46	6	40	Vermont	4	0	4
Maine	15	0	15	Virginia	38	2	36
Maryland	21	1	20	Washington	30	2	28
Massachusetts	106	16	90	West Virginia	6	0	6
Michigan	53	20	33	Wisconsin	40	3	37
Minnesota	81	3	78	Wyoming	1	0	1
Mississippi	27	2	25	Puerto Rico	0	0	0
Missouri	29	4	25	Other U.S. Poss.	1	0	1
Montana	8	0	8	**TOTAL**	**2,181**	**331**	**1,850**

[1] Represents 72 percent of total establishments. The remaining 28 percent were unable to provide a geographic breakdown for this report.

L. RETAILING (NON-FOOD)

Included in this category is a wide variety of general merchandise retailers. The product lines of these retailers range from home furnishings and appliances to consumer electronics and sporting goods.

During 1988, total sales for these establishments reached $23.3 billion; they are expected to grow to $28.6 billion during 1990. The total number of establishments for 1988 was over 46,000; this number is projected to increase 6.5 percent in 1989 and 9.9 percent in 1990. These establishments employed over 180,000 individuals in 1988; this number is expected to increase during the next two years along with the increasing number of establishments. We also expect to see increased franchise activity among company owned chain retailers. Conversion of existing company owned outlets is seen as an essential means of improving cash flow through the reduction of inventory related labor costs.

EXHIBIT 109

RETAILING (NON-FOOD)

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	11,880	12,504	13,139	5.3%	5.1%
Franchisee Owned	34,292	36,669	40,923	6.9	11.6
Total	**46,172**	**49,173**	**54,062**	**6.5%**	**9.9%**
Ratio To Total Establishments:					
Company Owned	25.7%	25.4%	24.7%		
Franchisee Owned	74.3	74.6	75.3		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 7,111,480	$ 8,029,041	$ 8,662,994	12.9%	7.9%
Franchisee Owned	16,232,351	17,971,890	19,979,594	10.7	11.2
Total	**$23,343,831**	**$26,000,931**	**$28,642,588**	**11.4%**	**10.2%**
Ratio To Total Sales:					
Company Owned	30.5%	30.9%	30.2%		
Franchisee Owned	69.5	69.1	69.8		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$599	$642	$659	7.2%	2.6%
Franchisee Owned	473	490	488	3.6	-0.4
Total	**$506**	**$529**	**$530**	**5.2%**	**0.0%**

EXHIBIT 110

RETAILING (NON-FOOD)

EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**273,802**	**5.9**
Company Owned	93,535	7.9
Franchisee Owned	180,267	5.3

EXHIBIT 111

RETAILING (NON-FOOD)

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – 1988

	Royalties Assessment	Advertising Assessment
Percentage of Sales	97.8%	97.3%
Percentage of Purchases	0.0	0.5
Fixed Rate	1.8	2.2
Other	0.4	0.0
Total	**100 %**	**100 %**

EXHIBIT 112

RETAILING (NON-FOOD)

FRANCHISEE PAYMENTS – 1988

	Royalties	Advertising
Weekly	31.9%	25.0%
Biweekly	0.0	0.0
Monthly	68.1	66.7
Quarterly	0.0	5.6
Annually	0.0	2.7
Total	**100 %**	**100 %**

EXHIBIT 113

RETAILING (NON-FOOD)

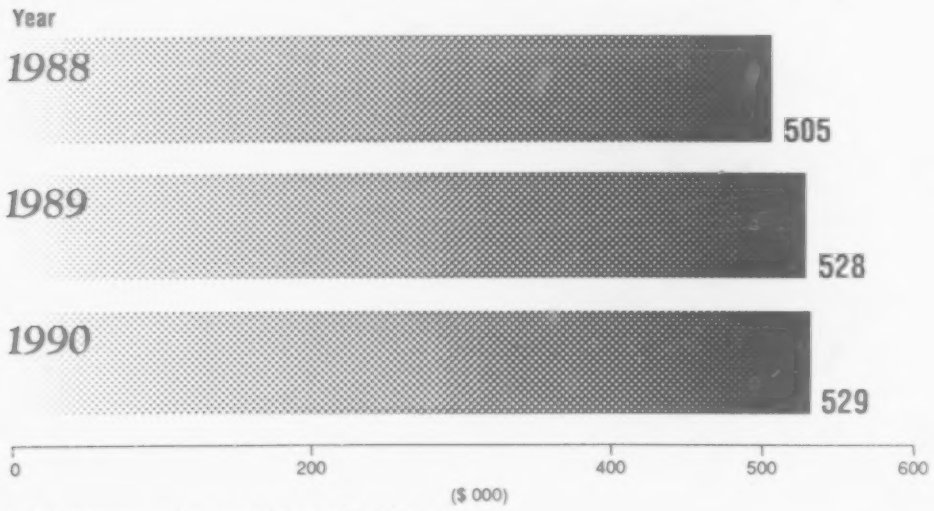
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$15,000	$ 20,000	$ 25,000
Multiple Unit Franchise Fee	9,500	15,000	25,000
Start-up Cost Franchisee Owned	40,000	50,000	75,000
Average Total Investment			
Company Owned	75,000	130,000	200,000
Franchisee Owned	84,250	120,000	180,000

CHART 23

RETAILING (NON-FOOD)

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 114

RETAILING (NON-FOOD)

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	415	120	295	Nebraska	280	47	233
Alaska	72	8	64	Nevada	142	52	90
Arizona	416	127	289	New Hampshire	162	41	121
Arkansas	304	91	213	New Jersey	767	274	493
California	3,269	1,123	2,146	New Mexico	192	58	134
Colorado	579	127	452	New York	1,482	704	778
Connecticut	387	130	257	North Carolina	733	233	500
Delaware	77	25	52	North Dakota	161	22	139
Dist. of Columbia	44	16	28	Ohio	1,082	448	634
Florida	1,517	453	1,064	Oklahoma	484	93	391
Georgia	823	225	598	Oregon	365	87	278
Hawaii	49	9	40	Pennsylvania	1,274	540	734
Idaho	167	23	144	Rhode Island	77	33	44
Illinois	1,421	410	1,011	South Carolina	444	88	356
Indiana	656	188	468	South Dakota	160	27	133
Iowa	599	92	507	Tennessee	605	201	404
Kansas	388	79	309	Texas	2,343	818	1,525
Kentucky	393	130	263	Utah	191	48	143
Louisiana	606	170	436	Vermont	93	24	69
Maine	187	60	127	Virginia	652	228	424
Maryland	464	182	282	Washington	581	163	418
Massachusetts	630	218	412	West Virginia	169	37	132
Michigan	919	313	606	Wisconsin	736	163	573
Minnesota	1,187	197	990	Wyoming	106	14	92
Mississippi	290	103	187	Puerto Rico	45	1	44
Missouri	690	177	513	Other U.S. Poss.	2	1	1
Montana	157	21	136	**TOTAL**	**30,034**	**9,262**	**20,772**

[1] Represents 65 percent of total establishments. The remaining 35 percent were unable to provide a geographic breakdown for this report.

M. Retailing – Food (Non-Convenience)

Retail food franchises include a wide spectrum of food specialties. They have experienced consistent growth in the type and the number of franchise opportunities.

Traditional franchises in this industry (ice cream stores, donut shops, nut shops, specialty food retailers, etc.) continue to expand . Additionally, in the past five to ten years, many new and exciting concepts have entered this segment (specialty cookie stores, frozen yogurt outlets, cinnamon bun retailers, etc.) and have experienced significant growth.

Our findings indicate that this segment, in the short-term, will continue to grow at a rate well above that of other types of franchising. In 1988, sales of franchised retail food

EXHIBIT 115

RETAILING – FOOD (NON-CONVENIENCE)

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	4,364	4,198	4,316	-3.8%	2.8%
Franchisee Owned	17,292	18,826	21,058	8.9	11.9
Total	**21,656**	**23,024**	**25,374**	**6.3%**	**10.2%**
Ratio To Total Establishments:					
Company Owned	20.2%	18.2%	20.5%		
Franchisee Owned	79.8	81.8	79.5		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 2,303,802	$ 2,342,917	$ 2,523,039	1.7%	7.7%
Franchisee Owned	7,879,864	8,530,348	9,366,679	8.3	9.8
Total	**$10,183,666**	**$10,873,265**	**$11,889,718**	**6.8%**	**9.3%**
Ratio To Total Sales:					
Company Owned	22.6%	21.5%	21.2%		
Franchisee Owned	77.4	78.5	78.8		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$528	$588	$585	11.3%	-0.5%
Franchisee Owned	456	453	444	-0.7	-2.0
Total	**$470**	**$472**	**$468**	**0.4%**	**-0.8%**

EXHIBIT 116

RETAILING – FOOD (NON-CONVENIENCE)

EMPLOYMENT – 1988

	Employees	Avg. Per Estab.
Total	**227,597**	**10.5**
Company Owned	41,908	9.6
Franchisee Owned	185,689	10.7

EXHIBIT 117

RETAILING – FOOD (NON-CONVENIENCE)

REVENUE ARRANGEMENTS BASIS FOR ASSESSMENT – '88

	Royalties Assessment	Advertising Assessment
Percentage of Sales	95.7%	93.4%
Percentage of Purchases	0.0	0.0
Fixed Rate	3.8	3.9
Other	0.5	2.7
Total	**100 %**	**100 %**

EXHIBIT 118

RETAILING – FOOD (NON-CONVENIENCE)

FRANCHISEE PAYMENTS – '88

	Royalties	Advertising
Weekly	38.8%	26.5%
Biweekly	2.0	0.0
Monthly	57.1	70.6
Quarterly	2.1	2.9
Annually	0.0	0.0
Total	**100 %**	**100 %**

outlets were $10.18 billion. Sales are expected to increase to $10.87 billion in 1989 and $11.89 billion in 1990 (a growth rate of 6.8 percent and 9.4 percent, respectively).

The number of units for these franchises is also expected to grow at a rate greater than the franchise industry in general. The number of franchised retail food outlets is expected to increase from 21,656 in 1988 to 23,024 outlets in 1989 (a 6.3 percent increase); between 1989 and 1990 the projected rate will be 10.2 percent, raising the total number of outlets expected in 1990 to 25,374.

It is unclear whether the growth of this segment is in response to or the catalyst for the trend toward specialty retailing. However, it is clear that these food retailers have become an important force in the economy.

EXHIBIT 119

RETAILING - FOOD (NON-CONVENIENCE)

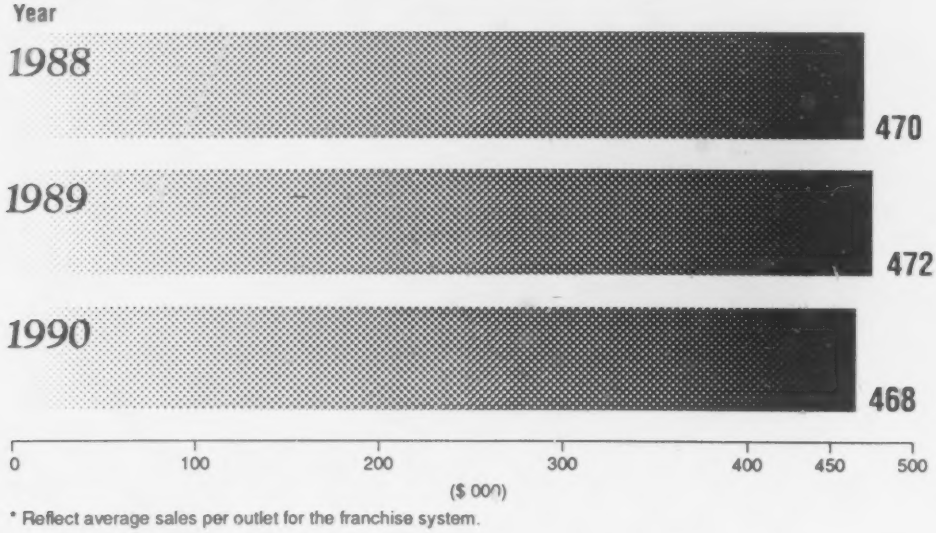
INVESTMENTS – 1988

	Lower Quartile	Median	Upper Quartile
Single Unit Franchise Fee	$ 15,000	$ 19,500	$ 22,500
Multiple Unit Franchise Fee	10,000	15,500	25,000
Start-up Cost Franchisee Owned	40,000	50,000	75,000
Average Total Investment			
Company Owned	100,000	127,500	180,000
Franchisee Owned	100,000	115,000	175,000

CHART 24

RETAILING - FOOD (NON-CONVENIENCE)

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

EXHIBIT 120

RETAILING - FOOD (NON-CONVENIENCE)

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	275	23	252	Nebraska	113	24	89
Alaska	20	0	20	Nevada	59	16	43
Arizona	296	121	175	New Hampshire	37	8	29
Arkansas	153	20	133	New Jersey	546	61	485
California	2,547	889	1,658	New Mexico	150	22	128
Colorado	278	86	192	New York	1,252	184	1,068
Connecticut	306	46	260	North Carolina	358	76	282
Delaware	73	11	62	North Dakota	43	4	39
Dist. of Columbia	51	6	45	Ohio	583	142	441
Florida	977	201	776	Oklahoma	152	34	118
Georgia	472	61	411	Oregon	168	23	145
Hawaii	84	14	70	Pennsylvania	860	223	637
Idaho	47	8	39	Rhode Island	54	14	40
Illinois	1,005	98	907	South Carolina	274	26	248
Indiana	368	56	312	South Dakota	48	3	45
Iowa	183	35	148	Tennessee	286	69	217
Kansas	111	17	94	Texas	1,155	187	968
Kentucky	207	38	169	Utah	105	32	73
Louisiana	276	42	234	Vermont	27	12	15
Maine	24	3	21	Virginia	313	54	259
Maryland	254	51	203	Washington	239	35	204
Massachusetts	371	107	264	West Virginia	88	19	69
Michigan	360	117	243	Wisconsin	341	78	263
Minnesota	291	69	222	Wyoming	21	5	16
Mississippi	171	11	160	Puerto Rico	41	0	41
Missouri	322	86	236	Other U.S. Poss.	6	0	6
Montana	35	7	28	**TOTAL**	**16,876**	**3,574**	**13,302**

[1] Represents 78 percent of total establishments. The remaining 22 percent were unable to provide a geographic breakdown for this report.

SECTION III

PRODUCT & TRADE NAME FRANCHISING

Product and trade name franchising began in the U.S. as an independent sales relationship between supplier and dealer in which the dealer acquired some of the supplier's identity. Franchised dealers concentrate on one company's product line and, to some extent, identify their business with that company. Typical of this segment are automobile and truck dealers, gasoline service stations and soft drink bottlers. Together they dominate the franchise field, accounting for an estimated 70.2 percent of all franchise sales for 1990, slightly lower than the 71.6 percent for 1989.

Total sales by product and trade name franchisors are expected to reach an estimated $503 billion in 1990 compared with $486 billion in 1989 and $470 billion in 1988. The decline in the number of establishments is expected to level off during the next few years; in 1990 the total number of these establishments is expected to decline to 140,.05 – from 140,430 in 1989 and 141,810 in 1988. The number of establishments and gross sales of product and trade name franchisors for 1972-90 are listed below:

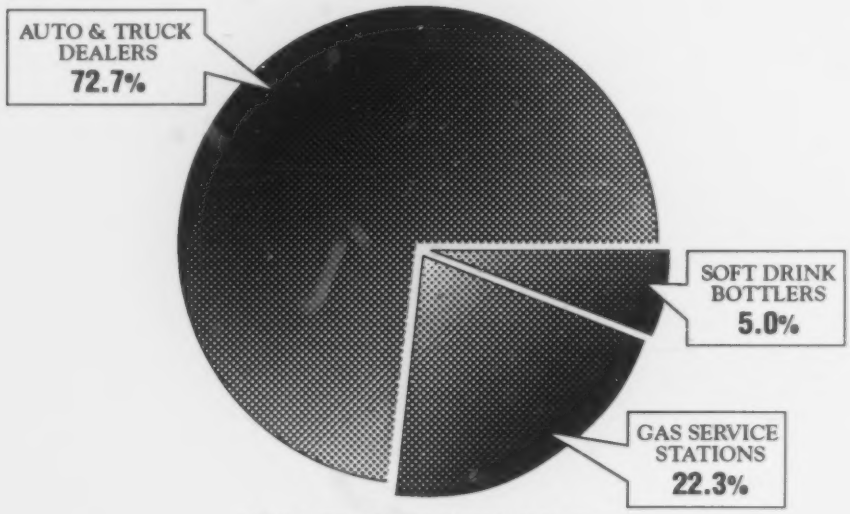
Year	Sales ($ Billion)	Estbmnts.	Year	Sales ($Billion)	Estbmnts.	Year	Sales ($ Billion)	Estbmnts.
1972	$115.2	262,100	1979	$241.0	199,785	1985	$401.6	153,531
1973	131.0	251,395	1980	250.8	189,823	1986	413.5	149,313
1974	131.3	230,974	1981	275.7	181,863	1987	429.8	144,571
1975	144.9	223,724	1982	277.0	174,107	1988	470.0	141,810
1976	171.3	220,946	1983	312.3	164,986	1989 *	486.3	140,430
1977	195.9	211,984	1984	369.8	160,723	1990 *	503.2	140,105
1978	217.9	207,896						

* Estimated by respondents to the 1988 Survey.

CHART 25

PRODUCT & TRADE NAME FRANCHISING

TOTAL SALES – 1989

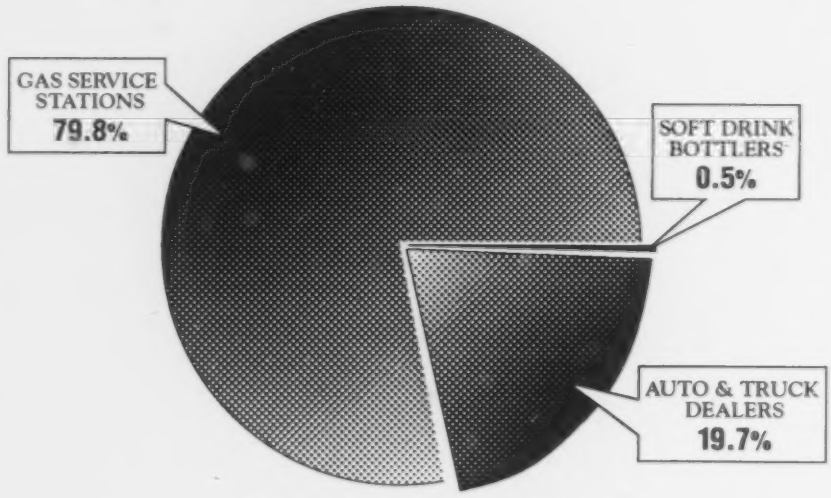


$486.3 BILLION TOTAL SALES

CHART 26

PRODUCT & TRADE NAME FRANCHISING

TOTAL ESTABLISHMENTS – 1989



140,400 ESTABLISHMENTS

A. Auto & Truck Dealers

In 1988, new automobile and truck dealerships attained record sales of $345 billion; sales are expected to reach $362 billion for 1990. New vehicle sales for automobiles and trucks totaled 15.7 million units in 1988 but should drop to 14.8 million units for 1990. Used car sales, service and parts departments are expected to have substantial growth during the next few years. In the 1990s, truck sales, including sport, utility and multi-purpose vehicles, will be higher than new passenger car sales.

EXHIBIT 121

AUTO & TRUCK DEALERS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	0	0	0	0.0%	0.0%
Franchisee Owned	27,800	27,600	27,600	-0.7	0.0
Total	**27,800**	**27,600**	**27,600**	**-0.7%**	**0.0%**
Ratio To Total Establishments:					
Company Owned	0 %	0 %	0 %		
Franchisee Owned	100	100	100		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 0	$ 0	$ 0	0.0%	0.0%
Franchisee Owned	345,136,000	353,577,000	362,323,000	2.4%	2.5%
Total	**$345,136,000**	**$353,577,000**	**$362,323,000**	**2.4%**	**2.5%**
Ratio To Total Sales:					
Company Owned	0 %	0 %	0 %		
Franchisee Owned	100	100	100		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit $ (000's):					
Company Owned	$ 0	$ 0	$ 0	0.0%	0.0%
Franchisee Owned	12,415	12,811	13,128	3.2	2.5
Total	**$12,415**	**$12,811**	**$13,128**	**3.2%**	**2.5%**

EXHIBIT 122

AUTO & TRUCK DEALERS

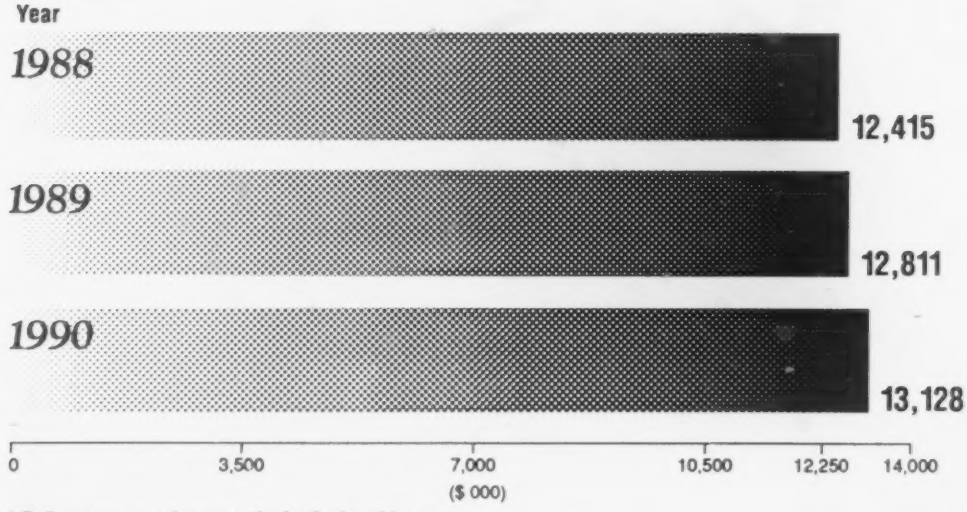
EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**1,027,400**	**37**
Company Owned	0	0
Franchisee Owned	1,027,400	37

CHART 27

AUTO & TRUCK DEALERS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

B. GASOLINE SERVICE STATIONS

Since 1972, gasoline service stations have declined at a rapid rate. For example, there was a net loss of over 114,000 gasoline service stations between 1972 and 1989. This attrition is expected to level off at slightly under 112,000 for the next few years. To increase sales and avoid further attrition, many gasoline service station operators are adding convenience store products to their existing facilities. Sales (mostly due to increased gasoline prices) were almost $109 billion in 1989 and are expected to increase 6 percent to $115 billion in 1990.

EXHIBIT 123

GASOLINE SERVICE STATIONS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	20,367	20,160	20,106	-1.0%	-0.3%
Franchisee Owned	92,783	91,840	91,594	-1.0	-0.3
Total	**113,150**	**112,000**	**111,700**	**-1.0%**	**-0.3%**
Ratio To Total Establishments:					
Company Owned	18 %	18 %	18 %		
Franchisee Owned	82	82	82		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$ 18,345,000	$ 19,537,000	$ 20,711,000	6.5%	6.0%
Franchisee Owned	83,571,000	89,004,000	94,348,000	6.5	6.0
Total	**$101,916,000**	**$108,541,000**	**$115,059,000**	**6.5%**	**6.0%**
Ratio To Total Sales:					
Company Owned	18 %	18 %	18 %		
Franchisee Owned	82	82	82		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$901	$969	$1,030	7.5%	6.3%
Franchisee Owned	901	969	1,030	7.5	6.3
Total	**$901**	**$969**	**$1,030**	**7.5%**	**6.3%**

EXHIBIT 124

GASOLINE SERVICE STATIONS

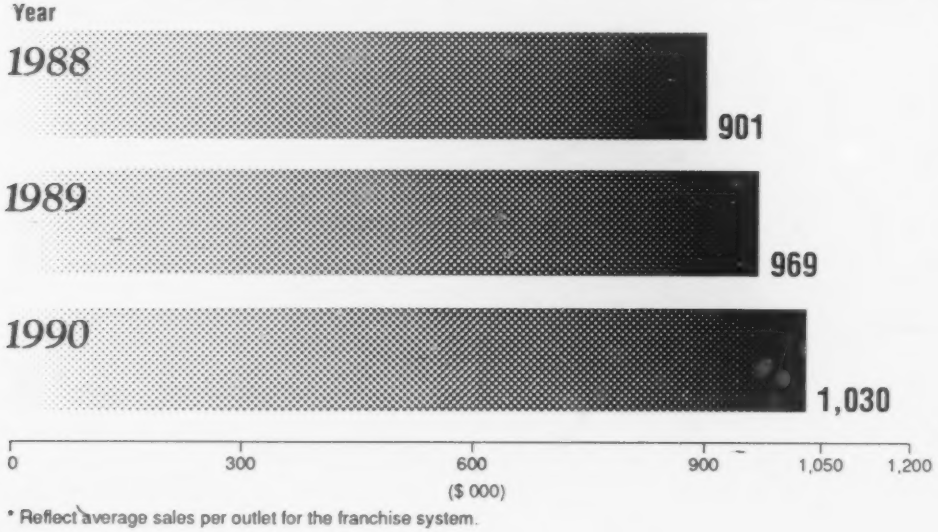
EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	626,800	5.2
Company Owned	DATA NOT	DATA NOT
Franchisee Owned	AVAILABLE	AVAILABLE

CHART 28

GASOLINE SERVICE STATIONS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

C. Soft Drink Bottlers

Soft drink bottlers are engaged primarily in the manufacturing and wholesale distribution of non-alcoholic carbonated soft drinks. In 1989, diet soft drinks accounted for 27 percent of the soft drink market; they are expected to exceed 30 percent by 1991. Leading U.S. soft drink brands are produced and distributed in more than 160 countries and territories worldwide. Sales in 1990 should reach $25.8 billion, almost 7 percent more than the previous year.

EXHIBIT 125

SOFT DRINK BOTTLERS

SALES & ESTABLISHMENTS

	1988	1989	1990	Percent Change 89/88	Percent Change 90/89
Total Number of Establishments:					
Company Owned	476	459	445	-3.6%	-3.1%
Franchisee Owned	384	371	360	-3.4	-3.0
Total	**860**	**830**	**805**	**-3.5%**	**-3.0%**
Ratio To Total Establishments:					
Company Owned	55.3%	55.3%	55.3%		
Franchisee Owned	44.7	44.7	44.7		
Total	**100 %**	**100 %**	**100 %**		
Total Sales ($ 000's):					
Company Owned	$18,992,000	$20,228,000	$21,582,000	6.5%	6.7%
Franchisee Owned	3,753,000	3,997,000	4,265,000	6.5	6.7
Total	**$22,745,000**	**$24,225,000**	**$25,847,000**	**6.5%**	**6.7%**
Ratio To Total Sales:					
Company Owned	83.5%	83.5%	83.5%		
Franchisee Owned	16.5	16.5	16.5		
Total	**100 %**	**100 %**	**100 %**		
Average Sales Per Unit ($ 000's):					
Company Owned	$39,899	$44,070	$48,499	10.5%	10.1%
Franchisee Owned	9,773	10,774	11,847	10.2	10.0
Total	**$26,448**	**$29,187**	**$32,108**	**10.4%**	**10.0%**

EXHIBIT 126

SOFT DRINK BOTTLERS

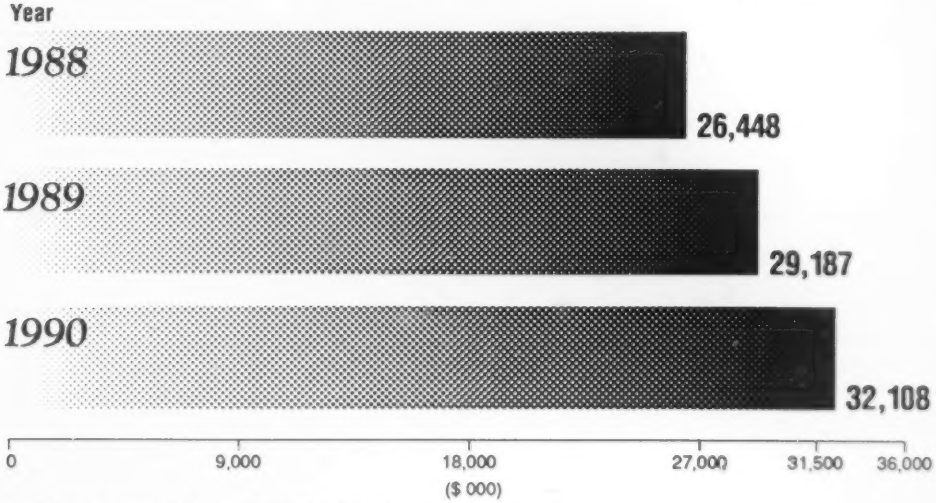
EMPLOYMENT – 1988

	Employees	Average Per Establishment
Total	**115,110**	**133.8**
Company Owned	DATA NOT	DATA NOT
Franchisee Owned	AVAILABLE	AVAILABLE

CHART 29

SOFT DRINK BOTTLERS

AVERAGE SALES PER ESTABLISHMENT*



* Reflect average sales per outlet for the franchise system.

SECTION IV

INTERNATIONAL FRANCHISING

American franchisors continue to expand to foreign markets throughout the world. As illustrated in Chart 31, 374 business format franchisors operated outside the U.S. during 1988. This represents 16.7 percent of all business format franchisors surveyed. In 1988, there were slightly over 35,000 outlets operating overseas, a 10.8 percent increase over 1986.

American franchisors enter foreign markets using a variety of methods, including franchising directly to individuals and operating company-owned units, joint ventures or franchising. Selling a master franchise is the most popular, cheapest and fastest technique. Of the 374 franchisors operating outside the U.S., 88.2 percent sold their units either directly or through a master franchisee who received the right to develop the franchisor's system in a foreign country.

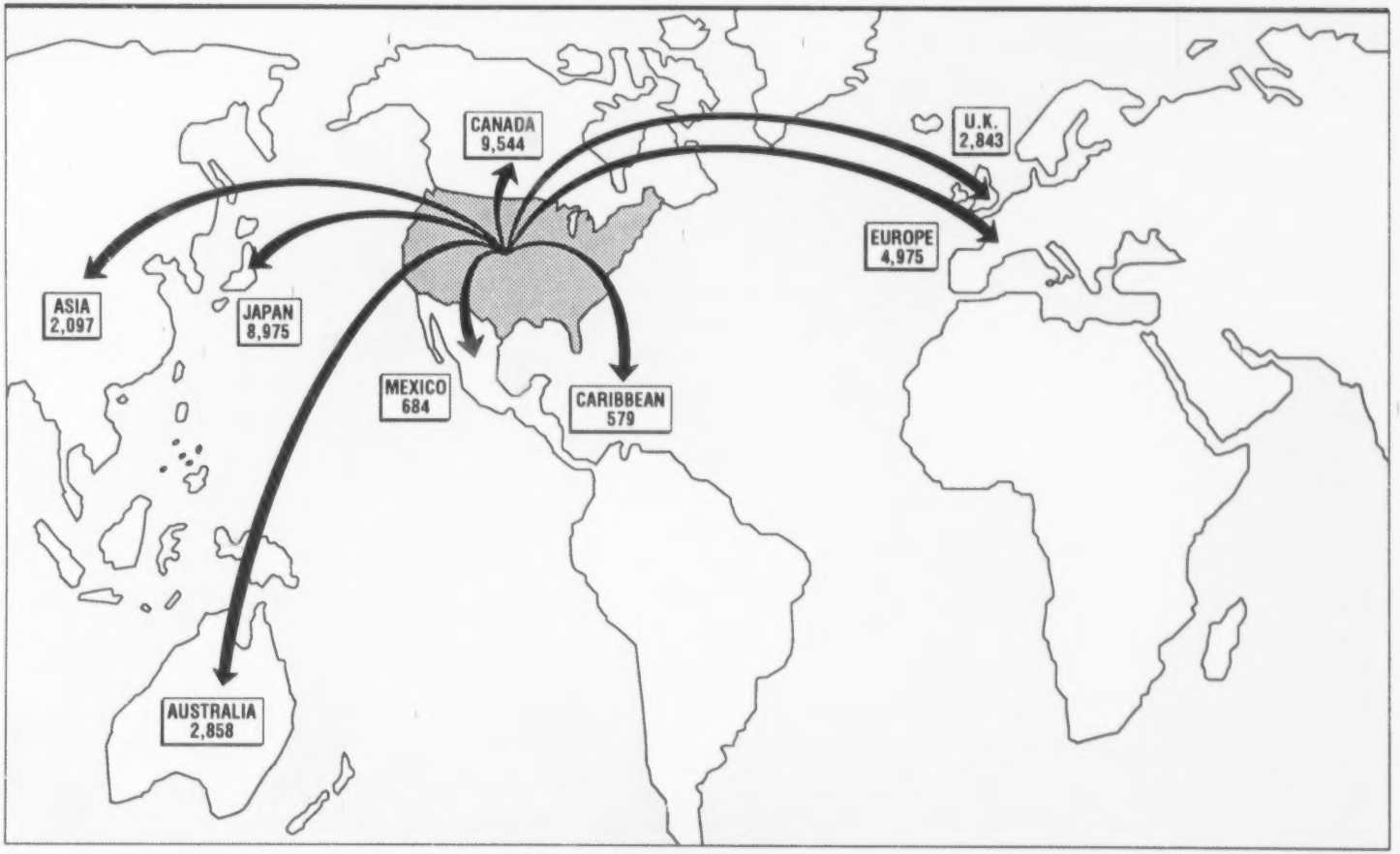
Entering foreign markets can be difficult. The success (or failure) of international franchising ventures depends on several factors, including the franchisor's domestic market position and the ability to expand its expertise and adapt to countries that may have cultural and language differences.

An additional 1.7 percent of business format franchisors are considering operating in foreign countries by the end of 1990.

Exhibit 127 lists the number of outlets in different areas of the world by business format. Canada leads the total number of outlets, followed closely by Japan and Australia. Of the different types of business format companies, restaurants had the highest number of outlets, nearly 7,000, located outside the U.S.

CHART 30

INTERNATIONAL FRANCHISING – 1988



NUMBER OF OUTLETS – 35,046
FRANCHISING COMPANIES – 374

Note: The remaining 2,491 outlets operate in areas not highlighted.

EXHIBIT 127

INTERNATIONAL FRANCHISING

LOCATION OF INTERNATIONAL ESTABLISHMENTS – 1988

	Total	Canada	Mexico	Caribbean	UK	Other Europe	Australia	Japan	Other Asia	Other[1]
Total – All Franchising	**35,046**	**9,544**	**684**	**579**	**2,843**	**4,975**	**2,858**	**8,975**	**2,097**	**2,491**
Total Business Format Franchising	**35,046**	**9,544**	**684**	**579**	**2,843**	**4,975**	**2,858**	**8,975**	**2,097**	**2,491**
Restaurants (All types)	6,996	1,338	146	213	726	772	750	1,827	546	678
Hotels, Motels & Campgrounds	518	238	22	19	28	77	13	9	31	81
Recreation, Entertainment & Travel	327	194	0	1	17	25	34	41	0	15
Automotive Products & Services	1,708	683	25	31	15	505	128	143	49	129
Business Aids & Services	5,851	2,762	8	8	459	732	776	890	103	113
Construction, Home Improvement, Maintenance & Cleaning Service	2,813	1,188	0	7	502	104	27	647	17	321
Educational Products & Services[2]	5,583	520	124	7	106	183	262	3,673	665	43
Laundry & Drycleaning Services	27	21	0	0	1	0	0	0	5	0
Rental Services (Auto-Truck)	5,548	553	268	265	378	1,682	417	579	471	935
Retailing (Non-Food)	3,574	1,378	78	9	548	720	429	227	81	104
Retailing (Food Non-Convenience)	2,101	669	13	19	63	175	22	939	129	72
Total Product & Trade Name										
Auto & Truck Dealers										
Gasoline Service Stations					DATA NOT AVAILABLE					
Soft Drink Bottlers										

[1] Includes international locations not included in other areas and international units not placed in any area.
[2] Includes Miscellaneous, Convenience Stores and Rental Services (Equipment)

EXHIBIT 12B

PERCENTAGE OF FRANCHISES WITH ESTABLISHMENTS OUTSIDE THE U.S.*

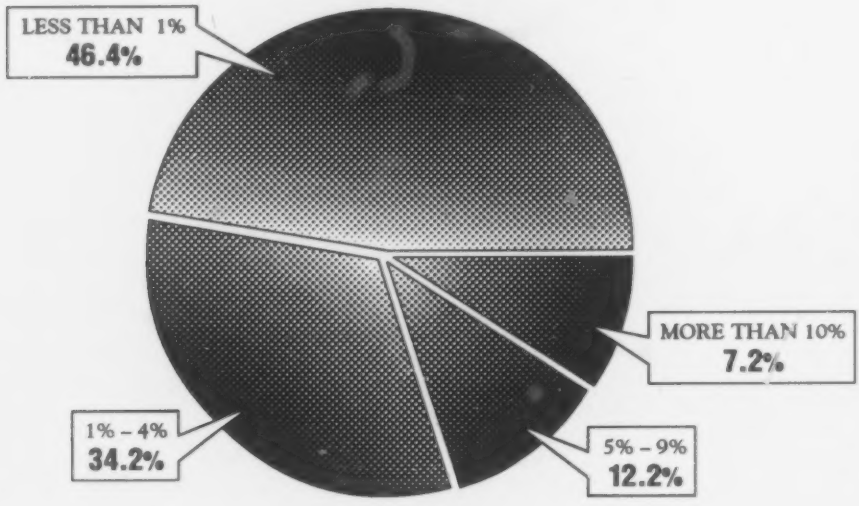
	Currently Located Outside U.S.	Planning to Locate Outside U.S.	Total Outside U.S.
Total – All Franchising	**16.7%**	**1.7%**	**18.4%**
Total Business Format Franchising	**16.7%**	**1.7%**	**18.4%**
Restaurants (All types)	13.0%	1.5%	14.5%
Hotels, Motels & Campgrounds	36.5	3.0	39.5
Recreation, Entertainment & Travel	29.7	3.9	33.6
Automotive Products & Services	11.8	1.3	13.1
Business Aids & Services	17.1	0.8	17.9
Accounting, Credit, Collection Agencies & General Business Systems	20.0	0.0	20.0
Employment Services	13.4	1.4	14.8
Printing & Copying Services	26.7	0.0	26.7
Tax Preparation	16.7	0.0	16.7
Real Estate	23.3	0.0	23.3
Miscellaneous Business Services	12.3	1.5	13.8
Construction, Home Improvement, Maintenance & Cleaning Service	17.8	2.6	20.4
Educational Products & Services	23.1	0.0	23.1
Laundry & Drycleaning Services	18.8	0.0	18.8
Rental Services (Auto-Truck)	35.7	0.0	35.7
Rental Services (Equipment)	5.7	3.0	8.7
Miscellaneous	13.5	2.4	15.9
Retailing (Non-Food)	12.0	2.1	14.1
Retailing (Food Non-Convenience)	15.8	1.7	17.5
Convenience Stores	3.9	0.0	3.9
Total Product & Trade Name			
Auto & Truck Dealers	DATA NOT AVAILABLE		
Gasoline Service Stations			
Soft Drink Bottlers			

* As reported in 1988

CHART 31

INTERNATIONAL FRANCHISING

PERCENTAGE OF INCOME DERIVED OUTSIDE U.S.*



* Based on 374 companies operating outside the U.S.

COMPANY CHARACTERISTICS

EXHIBIT 129

COMPANY CHARACTERISTICS

PERCENTAGE OF COMPANIES THAT OFFER RENEWAL OPTION TO FRANCHISEE – 1988

	YES	NO	TOTAL
Total – All Franchising	**95.7%**	**4.3%**	**100 %**
Total Business Format Franchising	**95.7%**	**4.3%**	**100 %**
Restaurants (All types)	91.8%	8.2%	100 %
Hotels, Motels & Campgrounds	90.0	10.0	100
Recreation, Entertainment & Travel	91 4	8.6	100
Automotive Products & Services	97.7	2.3	100
Business Aids & Services	98.1	1.9	100
Accounting, Credit, Collection Agencies and General Business Systems	100	0	100
Employment Services	90.0	10.0	100
Printing & Copying Services	100	0	100
Tax Preparation	100	0	100
Real Estate	100	0	100
Miscellaneoous Business Services	98.7	1.3	100
Construction, Home Improvement, Maintenance & Cleaning Service	97.7	2.3	100
Educational Products & Services	92.3	7.7	100
Laundry & Drycleaning Services	94.1	5.9	100
Rental Services (Auto-Truck)	100	0	100
Rental Services (Equipment)	100	0	100
Miscellaneous	98	2	100
Retailing (Non-Food)	97.7	2.3	100
Retailing (Food Non-Convenience)	97.3	2.7	100
Convenience Stores	100	0	100
Total Product & Trade Name			
Auto & Truck Dealers	DATA NOT AVAILABLE		
Gasoline Service Stations			
Soft Drink Bottlers			

EXHIBIT 130

COMPANY CHARACTERISTICS

PERCENTAGE LENGTH OF FRANCHISE AGREEMENTS – 1988

	1 YEAR	5 YEARS	10 YEARS	15 YEARS	20 YEARS	PERPETUAL	OTHER
Total – All Franchising	**0.9%**	**11.6%**	**27.6%**	**13.7%**	**17.0%**	**8.0%**	**21.2%**
Total Business Format Franchising	**0.9%**	**11.6%**	**27.6%**	**13.7%**	**17.0%**	**8.0%**	**21.2%**
Restaurants (All types)	0.2%	3.1%	21.4%	16.0%	31.5%	3.8%	24.0%
Hotels, Motels & Campgrounds	0.0	4.1	18.4	8.2	44.9	2.0	22.4
Recreation, Entertainment & Travel	0.0	8.3	30.6	13.9	16.7	13.9	16.6
Automotive Products & Services	1.2	7.3	23.6	18.8	19.4	7.9	21.8
Business Aids & Services	0.4	25.8	14.8	9.5	14.3	10.6	24.6
Accounting, Credit, Collection Agencies & General Business Systems	0.0	40.0	6.7	13.3	6.7	13.3	20.0
Employment Services	1.3	13.9	20.2	16.5	3.8	13.9	30.4
Printing & Copying Services	0.0	0.0	3.3	13.3	56.7	0.0	26.7
Tax Preparation	0.0	41.7	16.7	0.0	8.3	16.7	16.6
Real Estate	0.0	37.2	9.3	4.7	4.6	4.7	39.5
Miscellaneous Business Services	1.5	22.0	32.5	9.5	5.0	15.0	14.5
Construction, Home Improvement, Maintenance& Cleaning Service	1.3	19.1	29.9	13.4	13.4	16.5	6.4
Educational Products & Services	0.0	15.1	30.2	13.2	7.5	7.6	26.4
Laundry & Drycleaning Services	0.0	12.5	25.0	12.5	6.2	18.8	25.0
Rental Services (Auto-Truck)	0.0	14.3	21.4	10.7	10.7	17.9	25.0
Rental Services (Equipment)	0.0	6.1	33.3	21.2	12.2	3.0	24.2
Miscellaneous	1.3	8.0	32.0	28.0	6.7	6.7	17.3
Retailing (Non-Food)	2.1	13.7	41.6	9.2	7.5	7.1	18.8
Retailing (Food Non-Convenience)	1.5	13.7	33.3	11.8	14.2	4.9	20.6
Convenience	0.0	0.0	11.5	15.4	7.7	0.0	65.4
Total Product & Trade Name							
Auto & Truck Dealers							
Gasoline Service Stations			DATA NOT AVAILABLE				
Soft Drink Bottlers							

EXHIBIT 131

COMPANY CHARACTERISTICS

PERCENTAGE OF COMPANIES THAT REQUIRE FRANCHISEE TO BE OWNER-OPERATOR – 1988

	YES	NO	TOTAL
Total – All Franchising	**16.5%**	**83.5%**	**100 %**
Total Business Format Franchising	**16.5%**	**83.5%**	**100 %**
Restaurants (All types)	10.7%	89.3%	100 %
Hotels, Motels & Campgrounds	1.9	98.1	100
Recreation, Entertainment & Travel	13.5	86.5	100
Automotive Products & Services	23.4	76.6	100
Business Aids & Services	26.0	74.0	100
Accounting, Credit, Collection Agencies and General Business Systems	25.0	75.0	100
Employment Services	37.0	63.0	100
Printing & Copying Services	34.6	65.4	100
Tax Preparation	37.5	62.5	100
Real Estate	2.3	97.7	100
Miscellaneoous Business Services	20.5	79.5	100
Construction, Home Improvement, Maintenance & Cleaning Service	21.7	78.3	100
Educational Products & Services	10.9	89.1	100
Laundry & Drycleaning Services	11.1	88.9	100
Rental Services (Auto-Truck)	3.9	96.1	100
Rental Services (Equipment)	10.0	90.0	100
Miscellaneous	5.1	94.9	100
Retailing (Non-Food)	27.4	72.6	100
Retailing (Food Non-Convenience)	9.8	90.2	100
Convenience Stores	27.3	72.7	100
Total Product & Trade Name			
Auto & Truck Dealers	DATA NOT AVAILABLE		
Gasoline Service Stations			
Soft Drink Bottlers			

EXHIBIT 132

COMPANY CHARACTERISTICS

TYPES OF CHANGES IN OWNERSHIP – 1988

	TOTAL	REPURCHASE FOR COMPANY OWNERSHIP	CONVERT TO FRANCHISE OWNERSHIP	ESTABLISHMENTS DISCOUNTED* COMPANY OWNED	ESTABLISHMENTS DISCOUNTED* FRANCHISEE OWNED
Total – All Franchising	**16,001**	**851**	**1,540**	**2,651**	**10,959**
Total Business Format Franchising	**16,001**	**851**	**1,540**	**2,651**	**10,959**
Restaurants (All types)	3,153	483	766	466	1,438
Hotels, Motels & Campgrounds	432	35	92	15	290
Recreation, Entertainment & Travel	185	2	6	4	173
Automotive Products & Services	1,252	139	114	175	824
Business Aids & Services	2,183	49	48	84	2,002
Accounting, Credit, Collection Agencies & General Business Systems	181	4	0	3	174
Employment Services	261	22	12	56	171
Printing & Copying Services	332	6	8	1	317
Tax Preparation	37	0	1	3	33
Real Estate	497	1	0	7	489
Miscellaneous Business Services	875	16	27	14	818
Construction, Home Improvement, Maintenance & Cleaning Service	2,108	3	19	21	2,065
Educational Products & Services[2]	512	28	5	16	463
Laundry & Drycleaning Services	90	4	6	3	77
Rental Services (Auto-Truck)	211	5	14	14	178
Rental Services (Equipment)	135	6	29	10	90
Miscellaneous	379	0	51	10	318
Retailing (Non-Food)	2,379	64	197	234	1,884
Retailing (Food Non-Convenience)	1,303	20	144	286	853
Convenience Stores	1,679	13	49	1,313	304
Total Product & Trade Name					
Auto & Truck Dealers	DATA NOT AVAILABLE				
Gasoline Service Stations					
Soft Drink Bottlers	DATA NOT AVAILABLE				

* This catagory includes units that have been closed as well as those which may have changed company affiliation

EXHIBIT 133

COMPANY CHARACTERISTICS

NUMBER OF ESTABLISHMENTS BY STATE – 1988[1]

State	Total	Company Owned	Franch. Owned	State	Total	Company Owned	Franch. Owned
Alabama	3,741	720	3,021	Nebraska	1,986	334	1,652
Alaska	538	35	503	Nevada	1,477	319	1,158
Arizona	4,888	1,360	3,528	New Hampshire	951	107	844
Arkansas	2,253	309	1,944	New Jersey	6,593	1,079	5,514
California	31,467	6,929	24,538	New Mexico	2,019	346	1,673
Colorado	5,026	1,197	3,829	New York	11,888	2,302	9,586
Connecticut	3,469	535	2,934	North Carolina	6,121	994	5,127
Delaware	715	148	567	North Dakota	789	54	735
Dist. of Columbia	599	183	376	Ohio	11,495	2,963	8,532
Florida	15,642	3,881	11,761	Oklahoma	4,170	1,147	3,023
Georgia	7,321	1,917	5,404	Oregon	3,005	426	2,579
Hawaii	854	259	595	Pennsylvania	9,522	2,074	7,448
Idaho	1,050	137	913	Rhode Island	786	186	600
Illinois	11,972	2,521	9,451	South Carolina	3,675	530	3,145
Indiana	5,977	1,282	4,695	South Dakota	890	97	793
Iowa	3,496	454	3,042	Tennessee	4,932	1,152	3,780
Kansas	2,894	566	2,328	Texas	22,714	7,526	15,188
Kentucky	4,052	836	3,216	Utah	1,640	384	1,256
Louisana	4,061	942	3,119	Vermont	505	53	452
Maine	930	98	832	Virginia	6,573	1,825	4,748
Maryland	4,158	1,110	3,048	Washington	4,561	806	3,755
Massachusetts	4,930	996	3,934	West Virginia	1,551	309	1,242
Michigan	8,703	1,856	6,847	Wisconsin	4,844	838	4,006
Minnesota	5,571	996	4,575	Wyoming	660	52	608
Mississippi	2,339	372	1,967	Puerto Rico	333	17	316
Missouri	4,780	492	4,288	Other U.S. Poss.	52	3	49
Montana	1,032	86	937	**TOTAL**	**257,141**	**57,140**	**200,001**

[1] Represents 76 percent of total Business Format establishments. The remaining 24 percent were unable to provide a geographic breakdown for this report.

EXHIBIT 134

COMPANY CHARACTERISTICS

FRANCHISE RENEWALS – 1988

	ELIGIBLE FOR RENEWAL	RENEWED	NOT RENEWED BY FRANCHISOR	NOT RENEWED BY FRANCHISEE	NOT RENEWED BY MUTUAL AGREEMENT
Total – All Franchising	**13,067**	**11,713**	**222**	**479**	**653**
Total Business Format Franchising	**13,067**	**11,713**	**222**	**479**	**653**
Restaurants (All types)	1,373	1,185	39	77	72
Hotels, Motels & Campgrounds	298	249	14	23	12
Recreation, Entertainment & Travel	111	96	6	6	3
Automotive Products & Services	839	779	12	17	31
Business Aids & Services	2,822	2,498	44	121	159
Accounting, Credit, Collection Agencies & General Business Systems	151	124	3	21	3
Employment Services	209	190	2	7	10
Printing & Copying Services	21	10	0	1	10
Tax Preparation	9	8	1	0	0
Real Estate	1,341	1,219	14	57	51
Miscellaneous Business Services	1,091	947	24	35	85
Construction, Home Improvement, Maintenance & Cleaning Service	1,800	1,678	8	53	61
Educational Products & Services	751	667	23	41	20
Laundry & Drycleaning Services	316	285	0	21	10
Rental Services (Auto-Truck)	232	222	1	4	5
Rental Services (Equipment)	59	46	3	7	3
Miscellaneous	333	293	5	25	10
Retailing (Non-Food)	2,809	2,673	16	15	105
Retailing (Food Non-Convenience)	1,054	865	44	57	88
Convenience Stores	270	177	7	12	74
Total Product & Trade Name					
Auto & Truck Dealers					
Gasoline Service Stations			DATA NOT AVAILABLE		
Soft Drink Bottlers					

EXHIBIT 135

COMPANY CHARACTERISTICS

FRANCHISE TERMINATIONS – 1988

	TERMINATIONS		REASON FOR TERMINATION BY FRANCHISOR		
	BY FRANCHISOR	BY FRANCHISEE	NON-PAYMENT FINANCIAL DEFAULT	QUALITY CONTROL VIOLATIONS	OTHER
Total – All Franchising	**3,714**	**4,865**	**2,299**	**443**	**972**
Total Business Format Franchising	**3,714**	**4,865**	**2,299**	**443**	**972**
Restaurants (All types)	630	797	324	100	206
Hotels, Motels & Campgrounds	282	93	84	98	100
Recreation, Entertainment & Travel	97	111	63	28	6
Automotive Products & Services	252	387	207	0	45
Business Aids & Services	897	1,041	529	104	264
Accounting, Credit, Collection Agencies & General Business Systems	53	119	51	0	2
Employment Services	50	61	23	15	12
Printing & Copying Services	244	124	184	0	60
Tax Preparation	21	15	16	0	5
Real Estate	214	265	116	0	98
Miscellaneous Business Services	315	457	139	89	87
Construction, Home Improvement, Maintenance & Cleaning Service	249	296	209	0	40
Educational Products & Services	20	197	14	0	6
Laundry & Drycleaning Services	33	45	24	0	9
Rental Services (Auto-Truck)	63	115	59	0	4
Rental Services (Equipment)	31	32	28	3	0
Miscellaneous	29	86	27	0	2
Retailing (Non-Food)	639	822	411	110	118
Retailing (Food Non-Convenience)	377	368	276	0	101
Convenience Stores	115	475	44	0	71
Total Product & Trade Name					
Auto & Truck Dealers					
Gasoline Service Stations			DATA NOT AVAILABLE		
Soft Drink Bottlers					

SECTION VI

APPENDIX 1

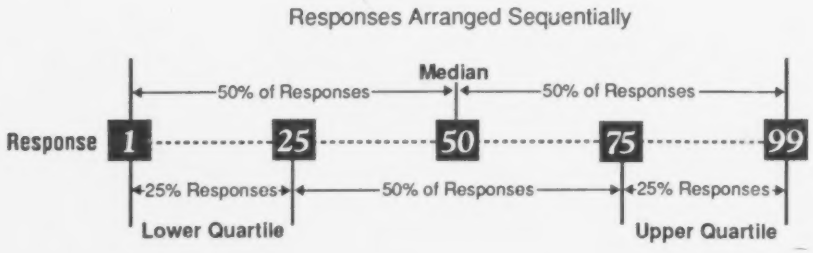
UNDERSTANDING MEDIANS & QUARTILES

Throughout this publication, different measurements of data were used to report the results. These measurements are explained below.

A median is the middle value of all amounts calculated for a specific line item. For example, if nine responses were received for the number of full-time employees [8,4,2,6,9,7,5,1,3], these numbers would be arranged sequentially [1,2,3,4,5,6,7,8,9] and the middle value ["5"] would be the median, since half of the responses received are below the value and half are above.

In some exhibits, data was presented in quartiles since these measurements provide a range of data rather than a single estimate. Quartiles are calculated by dividing the sample into four equal parts, with the median still being the middle value. The lower quartile is the value that separates the lowest 25 percent of the responses from the rest of the sample when arranged sequentially, while the upper quartile defines the boundaries of the upper 25 percent of the responses from the lower 75 percent. Stated another way, half of all responses received fall between the lower and upper quartiles. For example, if 99 responses are received for a specific line item and the responses are numbered 1 through 99, the median (or middle value) would be 50, the lower quartile would be 25 (25 percent of the responses would be below 25), and the upper quartile would be 75 (25 percent of the responses would be above 75). Fifty percent (or half) of the responses would fall between the lower and upper quartiles. (See chart below)

The terms mean, average and arithmetic mean are synonymous. A mean is calculated by adding the results and dividing by the number of responses. As stated, means, medians and quartiles have their uses. All three types of measurements were used in this study to report the results.



NOTES

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